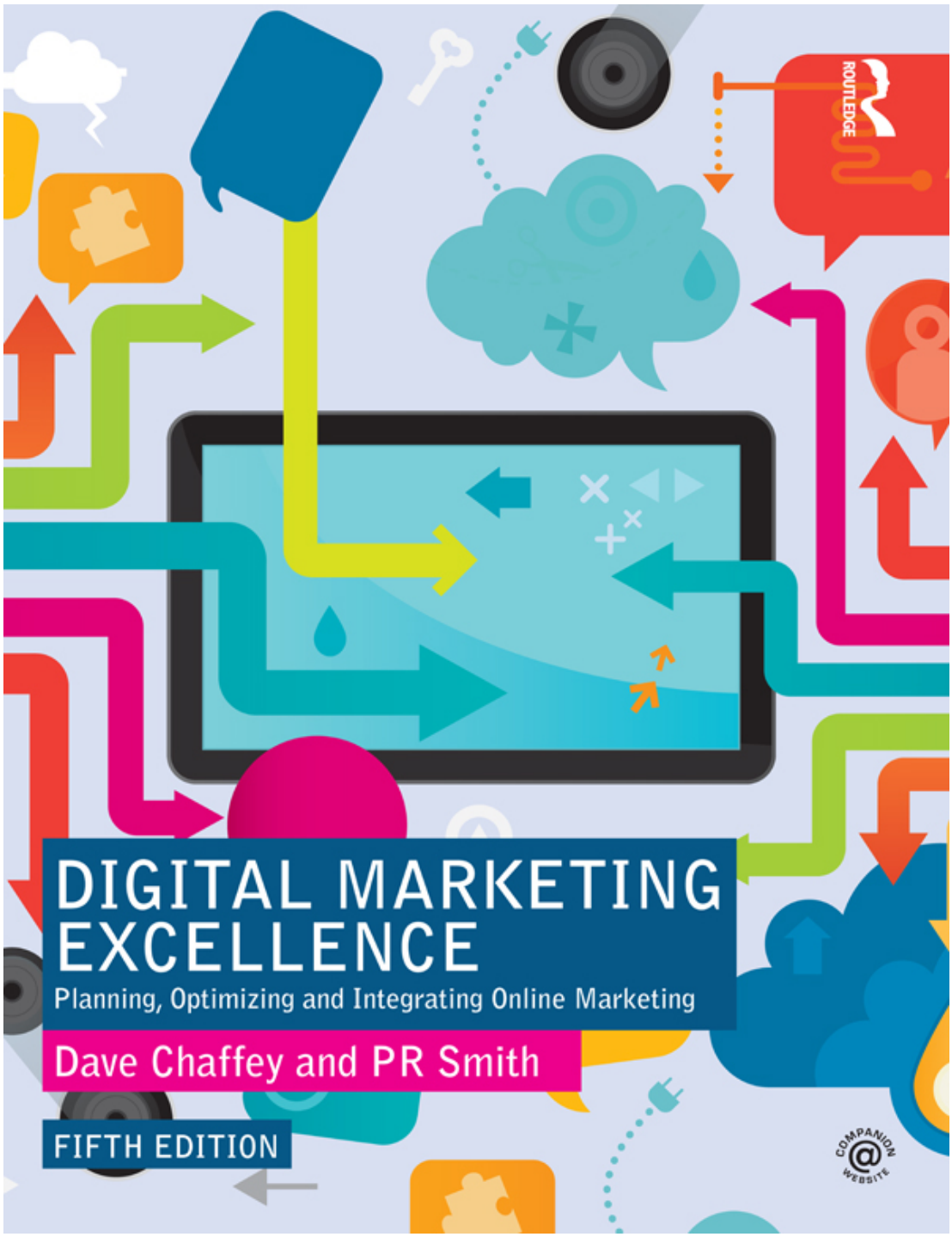
ROUTLEDGE
DIGITAL MARKETING EXCELLENCE
Planning, Optimizing and Integrating Online Marketing
Dave Chaffey and PR Smith
FIFTH EDITION
COMPANION @ WEBSITE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The **definitive digital marketing resource** for new and veteran digital marketers managing the constantly changing landscape of digital marketing, from strategy to implementation. **A 'must-have'** for every teacher and marketer's library.

Gene De Libero, *New York University School of Continuing and Professional Studies, USA*

Digital Marketing Excellence is a practical textbook for all marketing executives, managers and students who plan and implement digital campaigns. The book is **engaging, practical, easy to follow** and **comprehensive**, and is **highly recommended** by the IDM.

Tracey Poulson, *Director of Learning, Institute of Direct and Digital Marketing, UK*

Chaffey and Smith have supported the digital marketing revolution from the start. Their book, *Digital Marketing Excellence*, Fifth Edition, covers elements of how to **turn data into information** and **information into insight** – and insight is the fuel that **drives digital marketing success**.

Marialena Zinopoulou, *CEO, The Digital Marketing Association, UK*

In *Digital Marketing Excellence*, the leading edge examples **demonstrate data-driven decision making** in practice. The SOSTAC® framework is an element that our students take from the classroom to the workplace and use as a **systematic** and **comprehensive** approach to digital marketing planning.

Dr Etain Kidney, *Programme Director, Digital Marketing, DIT, Ireland*

Digital Marketing Excellence

Now in its fifth edition, the hugely popular *Digital Marketing Excellence: Planning, Optimizing and Integrating Online Marketing* is fully updated, keeping you in line with the changes in this dynamic and exciting sector and helping you create effective and up-to-date customer-centric digital marketing plans.

A practical guide to creating and executing integrated digital marketing plans, it combines established approaches to marketing planning with the creative use of new digital models and digital tools. It is designed to support both marketers and digital marketers, and students of business or marketing who want a thorough yet practical grounding in digital marketing.

Written by two highly experienced digital marketing consultants, the book shows you how to:

- Draw up an outline digital marketing plan
- Evaluate and apply digital marketing principles and models
- Integrate online and offline communications
- Implement customer-driven digital marketing
- Reduce costly trial and error
- Measure and enhance your digital marketing
- Learn best practices for reaching and engaging your audiences using the key digital marketing platforms like Apple, Facebook, Google and Twitter.

This new edition seamlessly integrates the latest changes in social media technology, including expanded coverage of mobile technology, demonstrating how these new ways to reach customers can be integrated into your marketing strategy. It also includes new sections on data analytics, clearly explaining how marketers can leverage data to their advantage.

Offering a highly structured and accessible guide to a critical and far-reaching subject, *Digital Marketing Excellence*, Fifth Edition, provides a vital reference point for all students and managers involved in marketing strategy and implementation.

Dave Chaffey is a leading digital marketing consultant, trainer and author. Recognised by the CIM as one of 50 gurus who have shaped the future of marketing, Dave is an examiner on the CIM e-Marketing Award and course director for CIM e-marketing workshops since 1997. Dave Chaffey is CEO of SmartInsights.com, an online publisher and consultancy providing advice on digital marketing strategy to members in over 100 countries worldwide.

PR Smith is an international speaker, marketing consultant and author of a range of books including digital marketing planning and integrated marketing communications. Paul created SOSTAC® Planning framework, voted in the Top 3 business models worldwide by CIM and recently adopted by many companies including LinkedIn and KPMG. Paul just launched the SOSTAC® Certified Planners online portal www.sostac.org. He also founded www.GreatSportsmanship.org, an NFP programme which combines short stories and social media to inspire a new generation of global citizens.

Digital Marketing Excellence

Planning, Optimizing and Integrating Online Marketing

Fifth Edition

Dave Chaffey and PR Smith

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Contents

List of figures

List of tables

Preface to the fifth edition

Acknowledgements

Chapter 1 Introduction to digital marketing

- 1.1 Introduction
- 1.2 Situation – the connected world
- 1.3 Situation – B2C, B2B, C2B and C2C
- 1.4 Situation – digital marketing definitions
- 1.5 Situation – sloppy digital marketing
- 1.6 Objectives
- 1.7 Objective – sell – using the Internet as a sales tool
- 1.8 Objective – serve – using the Internet as a customer-service tool
- 1.9 Objective – speak – using the Internet as a communications tool
- 1.10 Objective – save – using the Internet for cost reduction
- 1.11 Objective – sizzle – using the Internet as a brand-building tool
- 1.12 Introduction to digital marketing strategy objectives
- 1.13 Tactics, action and control

Chapter 2 Remix

- 2.1 Introduction to remix
- 2.2 What is the marketing mix?

2.3 Beyond the mix
2.4 The mix is morphing
2.5 Product
2.6 Price
2.7 Place
2.8 Promotion
2.9 People
2.10 Physical evidence
2.11 Process
2.12 An extra 'P' – partnerships

Chapter 3 Digital models
3.1 Introduction to digital models
3.2 Online revenue models
3.3 Intermediary models
3.4 Attribution models
3.5 Communications models
3.6 Customer information processing models
3.7 Customer buying process models
3.8 Loyalty models
3.9 Social media models
3.10 Social business models and the Ladder of Engagement

Chapter 4 Digital customers
4.1 Introduction to digital customers
4.2 Motivations
4.3 Expectations
4.4 Fears and phobias
4.5 Online information processing
4.6 The online buying process
4.7 Online relationships and loyalty
4.8 Communities and social networks
4.9 Customer profiles

4.10 Researching the online customer
4.11 The post-literate customer

Chapter 5 Social media marketing
5.1 What is social media marketing and why is it important?
5.2 Benchmarking and setting goals for social media marketing
5.3 Create strategy and plan to manage social media
5.4 Social listening and online reputation management
5.5 Develop the content marketing and engagement strategy for your brand
5.6 Define social media communications strategy
5.7 Define approaches for the core social media platforms
5.8 Social media optimization (SMO)

Chapter 6 Designing digital experiences
6.1 Introduction to site design
6.2 Integrated design
6.3 Online value proposition
6.4 Customer orientation
6.5 Dynamic design and personalization
6.6 Aesthetics
6.7 Page design
6.8 Content strategy and copywriting
6.9 Navigation and structure
6.10 Interaction
6.11 Mobile site design

Chapter 7 Traffic building
7.1 Introduction to traffic building
7.2 Search engine marketing: SEO
7.3 Paid or Pay Per Click search marketing
7.4 Banner advertising
7.5 Native advertising

7.6 Online PR
7.7 Online partnerships
7.8 Opt-in email
7.9 Viral marketing
7.10 Offline traffic building

Chapter 8 Customer lifecycle communications and CRM
8.1 Introduction to e-CRM
8.2 Relationship to customer lifecycle marketing
8.3 Database marketing and marketing automation
8.4 Using marketing technology to support CRM
8.5 Profiling
8.6 Personalization
8.7 Email marketing
8.8 Control issues
8.9 Cleaning the database
8.10 Making it happen

Chapter 9 Managing digital marketing
9.1 Introduction
9.2 Transformation to digital business
9.3 Creating the social business through implementing social CRM
9.4 The endless journey – reviewing digital marketing capabilities
9.5 Budgeting for digital marketing
9.6 Making the business case for digital marketing investment
9.7 Selecting the right suppliers for digital marketing
9.8 Change management for digital transformation
9.9 Measuring and optimization digital marketing with digital analytics
9.10 Automation
9.11 Implementing new systems
9.12 Managing data quality
9.13 Digital business security

Chapter 10 Digital marketing plan
- 10.1 Introduction to digital marketing planning
- 10.2 Situational analysis
- 10.3 Objectives
- 10.4 Strategy
- 10.5 Tactics
- 10.6 Actions
- 10.7 Control
- 10.8 The 3Ms resources: Men, Money and Minutes
- Appendix: Huawei smartphones – digital promotional plan for the Irish market

Glossary

Index

Figures

1.1 SOSTAC® planning framework
1.2 The growth of Zalando
1.3 Options for online communications between an organization and its customers
1.4 Product categories at Alibaba
1.5 Eight key digital marketing activities to manage in all organizations
1.6 Euroffice Office Supplies serving B2C and B2B markets
1.7 Digital marketing sloppiness causes high attrition rates
1.8 Ultralase
1.9 ROPO matrix showing main cross-channel customer behaviours
1.10 Online opportunities for product and market innovation
1.11 Categories of media: paid, owned and earned
1.12 Inbound marketing infographic
1.13 Using the Smart Insights RACE Planning framework to link business objectives to digital marketing tactics
2.1 The 7Ps of the classic marketing mix
2.2 Reevoo consumer product rating site
2.3 Bizrate.co.uk online shopping comparison site
2.4 Apple apps
2.5 Virtual Zippo® Lighter app
2.6 Gibson's free app helps guitarists; they can choose a tuning on the 'Mode' page so the tuner will only track notes for that particular tuning
2.7 The Gibson app features a standard metronome that allows users to choose a specific BPM or tap the screen three times to automatically set

the tempo. Other key features of the app include over 30 chord charts with finger markings to help the user with mastering the chord
2.8 The Gibson app announces new products, artist activity, news stories, interesting and factual features, exclusive contests and special events
2.9 Unilever's Domestos Flushtracker app
2.10 Helping customers to make decisions
2.11 New York's Central Park QR codes allow visitors to enhance their experience
2.12 MoneySupermarket.com
2.13 EC21 global B2B marketplace
2.14a www.pricewatch.com
2.14b www.pricewatch.com allows search and compare using different criteria
2.15 Dash buttons
2.16 Alternative representation locations for online purchases
3.1 Example business model canvas for Smart Insights
3.2 Map showing flow of different audiences via search engines to intermediaries and destination sites
3.3 Chart showing typical 'long tail' pattern of decline in relative keyphrase popularity
3.4 Assisted Conversion Path report
3.5 Conversion paths taken when visitors require at least two visits
3.6 Social and search go together
3.7 Avis Car customer journeys
3.8 Number of exposures required before conversion
3.9 Sequence of media
3.10 A web of conversations – accelerating word of mouth
3.11 The differences between one-to-many and one-to-one communications online
3.12 People rush past one of the world's greatest violinists as they screen out information in their busy lives
3.13 A high involvement purchase
3.14 Altimeter's Dynamic Customer Journey

3.15 Model used to design content and services for the Tektronix web site
3.16 The correlation between number of reviews and sales conversion
3.17 Occasional negative reviews can misrepresent a brand
3.18 More reviews can reduce doubt and increase sales
3.19 The Ladder of Engagement
3.20 Discussions can be triggered on a blog, Facebook page, Twitter or forums
3.21 Dell's IdeaStorm
3.22 Peperami's crowdsource ad boosted engagement and entertained customers, while reducing advertising costs
3.23 Boeing Dreamliner
3.24 Threadless t-shirts
3.25 *On the Air* used real audience voices from the radio show in the animated TV programs
4.1 How emotion influences B2B buying
4.2 'Session map' showing an individual's eye movements
4.3 Erratic eye movements suggest that a user was confused
4.4 Eye movements suggest the user understands the page
4.5 A 'heat map' reveals the hottest parts of a web page (and the parts that are ignored)
4.6 Lastminute.com attracts attention
4.7 The buying process and how it can be supported by site content
4.8 Dulux
4.9 Different online research techniques
4.10 PR Smith addressing a live audience in Belfast's Science Park
4.11 PR Smith's avatar addressing a virtual audience in Second Life beamed into the live audience in the Science Park
5.1 Social media marketing radar
5.2 Burberry vision for social and digital media
5.3 Princess Cruises campaign example
5.4 Social media KPI pyramid
5.5 Social technographics for US and EU, 2011
5.6 Social media marketing campaign from McKay Flooring

5.7 Social media marketing capability assessment framework
5.8 EMC employee social media marketing benefits communication video
5.9 Social media governance process from Dell
5.10 Content syndication hub
5.11 Nokia Connects for Nokia advocates
5.12 A summary of the influence and activity of different blog audiences
5.13 American Express OPEN
5.14 Example of Twitter page for Eloqua
5.15 Example of Facebook page for Eloqua
5.16 Example of Google+ company page for Eloqua
5.17 Example of LinkedIn company page for Eloqua
5.18 Example of YouTube channel for Eloqua
6.1 Cloud Tags at MADE
6.2 Using Google Analytics to set up marketing goals
6.3 Harley-Davidson
6.4 Entry pages for site visits on different customer journeys
6.5 Ultralase
6.6 Kampyle feedback system for Smart Insights
6.7 Alternative buying modes in mixed-mode buying
6.8 The four types of web purchase-making decisions according to Eisenberg
6.9 User-centred design process showing typical relationship between ISO 9241–210 and web site design phases
6.10 Swiftcover value proposition on the home page
6.11 Firebox
6.12 Virgin Holidays virtual reality
6.13 Emotional response testing example
6.14 css Zen Garden
6.15 Example of a wireframe
6.16 Example of an eyetracking heatmap
6.17 An effective carousel with labelled tabs at Coblands
6.18 MyWebPresenters
6.19 (a) Smart Insights desktop design and (b) Smartphone

6.20 AO.com explaining their value proposition using the panels below the top navigation
6.21 eBay within the mobile search results
6.22 eBay UK mobile site
7.1 Traffic broken down by source
7.2 Options available in the communications mix for traffic building
7.3 Google search engine results page (SERP) for car insurance
7.4 Stages involved in producing a search engine listing
7.5 Variation in popularity of searches on terms related to car insurance
7.6 Local search results in Google
7.7 The importance of occupying position one, showing a huge drop in CTR for ads in position two, and a gradual decline in CTR through ad positions
7.8 Majestic SEO backlink history
7.9 New ad extension formats within Google Adwords for retailers
7.10 Google Promoted Video ads within YouTube
7.11 AdWords account structure
7.12 An example of an Ad Group within the Google AdWords campaign management tool
7.13 Targeting the Google Display Network with the Placement targeting tool
7.14 Summary of the data flows for a programmatic ad exchange
7.15 Mini ads
7.16 Gillette's rich media ads incorporate dynamic weather info. Thomson's mobile ads use retargeting and footfall attribution
7.17 Online PR options
7.18 The gnome experiment
7.19 Categories on the Great Sportsmanship website
7.20 The affiliate marketing model
7.21 This stunning computer generated image from the Ballymore Group was leveraged/used across multiple channels online and offline for maximum impact
8.1 Sequence of automated emails forming a welcome strategy following initial purchase

8.2 The responsive design of the Optimax eye treatment provider emphasizes gaining permission with the carousel showcasing treatment for different audiences
8.3 Customer Lifecycle communications mapping for a retailer
8.4 An example of the preferences centre for Amazon UK
8.5 Connect Amazon to Facebook
8.6 Levi's use Facebook
8.7 Gap Facebook page special offer for a 10,000 pairs of jeans give-away
8.8 Thirty categories of Marketing Applications identified by Smart Insights (2016)
8.9 Avatar delivered by IKEA
8.10 Email dialogue for Tektronix
8.11 Personalized product recommendations from Blacks
8.12 Best practice in countering blocked images from MyTravel
8.13 The importance of cleaning your data
8.14 The eight building blocks of CRM
9.1 Digital transformation success factors
9.2 A simple framework for digital business
9.3 InnoCentive
9.4 Digital marketing capabilities summarised by Dave Chaffey
9.5 Options for varying the mix for direct response and brand awareness campaigns
9.6 Simple conversion-based model
9.7 A simple lifetime value model
9.8 Factors governing the response to change
9.9 Example of different test variants from Belron
9.10 Key questions in evaluating the organizational effectiveness of digital analytics
9.11 OfficeAutopilot marketing automation
10.1 SOSTAC® planning explained in four minutes
10.2 PR Smith's SOSTAC® Plan
10.3 Assessing customer adoption of online services
10.4 KPI Pyramid

10.5 The KPI Pyramid becomes a sales funnel
10.6 Classic sales funnel
10.7 Classic sales funnel with conversion rates
10.8 An e-communications mix for an annual plan
10.9 Lifetime value model
10.10 The first column is a linear buying model for a high involvement purchase. The second column lists which tactical tools are used at each stage. The remaining columns analyse the tactical tool across nine different criteria
10.11 Clinique welcome email
10.12 TD Bank's Automated Thanking Machines™
10.13 Are your staff sufficiently motivated that they would be prepared to eat their dinner off the floor of a subway station to prove how strongly they believe in the unique power of their electric floor cleaner?
10.14 Huawei logo
10.15 Strategy: Connect with target audience by inspiring creators, photography lovers and influencers
10.16 The Huawei and The Snapys logos
10.17 Some of the photo entries
10.18 One-month preparation and three-month campaign
10.19 More photo entries
10.20 Two of the winners in the Sport Category and the Fashion Category

Tables

1.1 Tools for assessing your online marketplace
1.2 Objectives for the 5Ss of digital marketing
1.3 Measures of online customer engagement
2.1 Online executions of different communications tools
2.2 Digital marketing checklist – integrated communications
4.1 Customer engagement checklist
4.2 Summary of the online implications for Cialdini's six weapons of influence
4.3 Relationship between loyalty drivers and measures to assess their success at Dell Computer
4.4 A comparison of different online metrics collection methods
5.1 Different types of value to offer through social networks
6.1 Different types of web site audience
6.2 A summary of the advantages and disadvantages of different options for mobile-optimized websites
7.1 A summary of the campaign tracking parameters in Google Analytics
7.2 Twelve options for creating more quality links
7.3 Variation in Cost Per Click for different keyphrases in Google UK
7.4 Marketing communications terminology
8.1 Example of a template for email contact strategy
8.2 The challenges of managing return on marketing technology
8.3 Customer Sensitivity Quotient
9.1 Types of digital marketing benchmarking and relevant sources
9.2 The 7S strategic framework and its application to digital business management

10.1 An Internet SWOT analysis for an established multi-channel brand
10.2 Marketing tactics – displayed on a Gantt chart
10.3 Control – the metrics
10.4 Cost Per Order and Cost Per Enquiry
10.5 The value of a Facebook fan

Preface to the fifth edition

The constant innovation in digital media and technologies and the ways in which we interact with them have continued relentlessly since the fourth edition. In this preface, we introduce some of the success factors for individuals and organizations to master digital transformation and summarize the main changes for each chapter since the previous edition.

We hope you enjoy the read, enjoy the digital ride towards being a world-class marketer and let us know what you think via our sites/pages.

Dave (www.smartinsights.com) and Paul (www.PRSmith.org).

The Importance of Competing through Digital Media and Technology

Since the previous edition, consumer and business adoption of digital media and technology has continued apace. There are very few businesses today that aren't using a range of digital marketing tactics to compete as they seek to grow their business. So competition has increased further as businesses invest more in digital marketing to reach their audiences and encourage them to interact and buy.

The majority of digital media interactions between consumers and businesses are now mediated through a small number of platforms, so it's important for marketers to understand the fundamental best practices for using these platforms in their campaigns and 'always-on' channel marketing

which we explain in *Digital Marketing Excellence*. Smartphone adoption rates have been phenomenal across the world, to the extent that, in many markets there are now more smartphone brand interactions than desktop in key sectors such as retail, financial services and travel. Mobile marketing tactics are vital, but many mobile users also use desktop devices so multi-device plans and tracking are needed.

It's also important for marketers to monitor the latest tactical changes the core digital platforms make to enable them to get an edge over their competitors. We have seen a consolidation with some platforms becoming dominant including Facebook (particularly with their acquisitions of Instagram and WhatsApp), Google (best known for its search platform but also YouTube, the Chrome browser and Android mobile operating system). Apple mobile devices have become hugely popular throughout the world meaning that MacOS, iOS on mobile and the Safari browser have become more important. Then we have Microsoft, which still has its Bing search engine, browsers, tablets and recent growth in importance for business-to-business marketers with its acquisition of LinkedIn. Other platforms such as Twitter, Pinterest and Snapchat, while not dominant, command significant devoted audiences and are important for marketers to understand as well.

Understanding Digital Platforms is Essential, but Applying the Marketing Fundamentals are Vital

Despite the rapidly changing digital media and technology landscapes, we believe that marketing fundamentals have remained constant and are even more essential to help differentiate businesses given the intense competition. It's still important to understand your customer using the digital insights tools we recommend; personalization to deliver relevant content and offers based on clear segmentation and targeting are still key to communications; consumers make decisions based on their preference for brands that they relate to; digital media and channels shouldn't be silos, so integration is vital

and successful marketers don't use tactics on an ad hoc basis, but instead use a carefully orchestrated approach based on the crystal clear strategies we recommend.

What are the Essential Skills of the Modern Marketer and Business?

Given these ongoing changes, it's essential for individuals to remain relevant to employers during their career through developing their knowledge and practical skills of using integrated digital marketing techniques. As suggested by the subtitle, 'Planning, integrating and optimising your digital marketing', we have developed this book to help marketers develop and hone their skills including planning, management and optimization of channels. It's also essential for businesses to develop these skills amongst their staff and teams and to transform their businesses and change their processes and structures so that they can deploy integrated digital marketing techniques effectively. Despite digital marketing not being new any longer, many businesses have only just recently implemented digital transformation programmes to make the changes needed for their businesses to remain relevant to their customers. Many other businesses still need to make this digital transformation.

So, what are some of the key characteristics of tomorrow's marketer which you should develop? Here are seven essential skills that we believe are important to support your career development through the recommendations in *Digital Marketing Excellence*.

1. *Specialization or focus on core competences.* With so many digital marketing tactics, it's almost impossible to be a master of all techniques. However, your core competences, perhaps content marketing or campaign planning, may not be specialized sufficiently to

understand the latest best practices needed to excel and enable your companies to compete. So, seize the day and specialize!

2 *Integrated communications.* Marketers need to learn the traditional marketing communications skills to implement campaigns and 'always-on' activities which fulfill the 4Cs of integrated communications – that's Coherence, Consistency, Continuity and Complementarity.

3 *Go beyond basic tactical skills to develop strategic planning and optimization skills.* Many businesses don't have an integrated digital marketing strategy and one reason behind this is that there is insufficient knowledge of planning frameworks such as SOSTAC®, which we explore in the planning chapters of this book.

4 *Obsess about transforming data to insight.* You will know about the 'Big Data' hype, but the reality is that many businesses are desperately in need of making use of 'Small Data', i.e. developing their digital analytics and market research skills to maximize their customer insights and optimize their digital experiences and communications. It's time to embrace actionable analysis.

5 *Develop creative techniques which help engage audiences and differentiate brands.* Although a lot of digital marketing is involved with the details of optimization, ultimately it is the creative ideas which will engage our audiences, differentiate our brands and encourage brand favourability and sharing. These skills need to be encouraged and developed within the team.

6 *Become more customer focused.* Marketing has always been customer focused. We have witnessed a sea change in marketing over the last ten plus years where the Internet and social media have given customers far more choice when selecting suppliers and a voice for venting their frustrations about brands. Leading businesses have responded to this and have moved from product centred to more customer focused, yet many other businesses haven't. Chief Customer Officers are becoming more common, marketing and digital marketing functions are being mixed with the customer centres across large businesses.

7 *Keep learning, develop new skills and test new approaches.* The changes made by the key digital marketing platforms such as Google, Facebook and LinkedIn, which mediate so many communications between customers and businesses today, demand that marketers keep learning rapidly. Businesses that can quickly trial and adopt new techniques and test their communications through A/B testing and multivariate testing can gain a competitive edge.

What's New in this Edition?

The most obvious change in this edition is the new title of *Digital Marketing Excellence*, updated from *Emarketing Excellence*, which dates way back to 2001 when the first edition was published. In the previous edition we updated the sub-title to reference 'digital marketing' which has gained traction in recent years amongst client-side and agency-side marketers and academics compared to previous terms 'E-marketing' and 'Internet marketing' as Google Trends shows. We like the term 'digital marketing' since it suggests the challenges and opportunities from managing digital media, digital technology and gaining insight from digital interactions with consumers that happen on digital devices.

The acclaimed structure of previous editions has been retained since this provides a clear sequence to the stages of strategy development and implementation that are required to plan successfully for Internet marketing in existing and start-up companies.

We have highlighted the changes to each chapter below.

How is *Digital Marketing Excellence* Structured?

Digital Marketing Excellence has been developed to help you learn efficiently. It has supported students on many university and college business and marketing courses and a range of specialist qualifications in digital marketing offered by the Chartered Institute of Marketing/CAM and The Institute of Direct and Digital Marketing and Manchester Metropolitan University. It is structured around ten self-contained chapters, each of which supports learning through a clear structure based on sections with clear learning outcomes, summaries and self-test questions. The Digital Marketing Insight boxes give varied perspectives from practitioners and academics while the Digital Marketing Excellence boxes give examples of best practice. We have also included numerous tips and best practice checklists for you to compare your digital marketing against and to help you to develop a plan.

Chapter 1 Introduction to digital marketing

This chapter introduces digital marketing and its benefits and risks. It describes the difference between e-commerce, e-business and digital marketing; the alternative digital communications channels and technology platforms, the dangers of sloppy digital marketing; how to present a business case for increasing your online activities and the benefits – Sell, Serve, Save, Speak and Sizzle. We also explain core concepts such as social, inbound and content marketing that are at the heart of digital marketing today.

The introduction now emphasises the importance of integrating eight key digital marketing activities that need to be managed with traditional communications channels and explores the risks of digital silos.

A new case study about Zalando shows the power of using digital marketing to rapidly enter new markets.

Chapter 2 Remix

The digital world affects every aspect of business, marketing and the marketing mix. Some argue that physical distribution, selling and pricing absorb the biggest impact. In fact all the elements of the marketing mix are affected by digital marketing. This chapter shows you exactly how to evaluate the options for varying your marketing mix.

In this new edition we explain how the ongoing customer experience goes beyond the initial Online Value Proposition via a new emphasis on lifetime customers and lifetime marketing. Innovative thinking including Alibaba and Amazon's innovative dash button, using data to enrich experiences, and using storytelling to grab attention and build relationships alongside social CRM. Finally we look at the impact of new disruptive technologies.

Chapter 3 Digital models

The business world is changing faster than ever before. Old approaches and models are being turned on their head. In this chapter we show how to assess your online marketplace, review new business, revenue and communications models and develop budget models.

In the new edition we explore the impact of the *Internet of Things*, review the business model canvas, a great tool for start-ups and existing businesses, new campaign targeting options, programmatic advertising, including behavioural targeting and location-based ads and the sales funnel. New, non-linear, dynamic 'butterfly' buying models are also explored.

Chapter 4 Digital customers

This chapter looks inside the online customer's mind. We explore customers' issues, worries, fears and phobias, as well as other motivators for going online – and how marketers can respond to these behaviours. We also look

at on-site behaviour, the online buying process, web analytics and the many influencing variables. We finish with a look to the future, your future, and how to keep an eye on the digital customer.

In the latest update we show how customers process information is changing, identifying motivations including B2B emotional motivations, Nudge Theory and subconscious motivations; how information is processed differently on mobile devices; the role of AI bots as part of the Decision Making Units (DMU); and new customer profiling via data analysis.

Chapter 5 Social media marketing

This is where the online world gets really interesting. We're excited about the potential of social media marketing! It's one of the biggest opportunities in marketing we've seen for years. But, if it's ad hoc or unmanaged, it won't be fully effective and can even be damaging. It definitely cannot be ignored and warrants its own strategy. That's why we've devoted a separate chapter showing you how to create a structured plan for social media marketing.

The fundamentals of this chapter are unchanged, but we have explored some of the faster-growing social networks such as Instagram, Pinterest and Snapchat.

Chapter 6 Designing digital experiences

This chapter will make you think about web sites a little differently. We go beyond best practice in usability and accessibility, to show how to design commercially-led sites which deliver results. Commercially-led site designs are based on creating compelling, persuasive experiences which really engage visitors through relevant messages and content, encouraging them to stay on the site and return to it.

This chapter has been renamed from 'Site design' since digital channel design now includes digital presences in stores where relevant. We also include discussion of Mobile First design principles and more detailed exploration of the merits of Responsive Web Design (RWD) and adaptive design options.

Chapter 7 Traffic building

Sadly it's not always the best products that succeed, but rather reasonably good ones that (a) everyone knows about and (b) everyone can easily find when they need them. The same is true of web sites. This chapter shows you how to build traffic – how to acquire the right visitors to your site in order to achieve the right marketing outcomes for you. You will receive a briefing on the different digital communications channels, including search engine marketing, online PR, online partnerships, interactive advertising, opt-in email and viral marketing. We will also show you that to succeed with your online communications also means gaining different forms of visibility on partner sites which are themselves successful in traffic building.

This edition is fully updated for the latest Google ranking factors including mobile search and how to avoid being a victim of Google's webspam penalties. New Owned, Earned and Paid Media options are explored including native advertising, AdWords optimization, program-matic advertising, remarketing and retargeting, location-based advertising v2 and campaign automation, lead generation affiliate bots, the Tactical Matrix (advantages and disadvantages of all ten communications tools), updated click fraud and, finally, the need for creativity.

Chapter 8 Customer lifecycle communications and CRM

Online customer relationship management is packed with fundamental common sense principles. Serving and nurturing customers into lifetime

customers makes sense as existing customers are, on average, five to ten times more profitable. At the heart of this is a good database – the marketer's memory bank, which if used correctly, creates arguably the most valuable asset in any company. In this chapter we show how to develop integrated email contact strategies to deliver relevant messages throughout the customer lifecycle, automating and optimising wherever possible.

We have increased coverage of marketing automation and designing structured communications through lifecycle marketing. Social media customer service and remarketing using ads is also explored. A new data mining example introduced in line with the theme of Big Data and the relevant marketing application of 'Predictive Analytics'. We have also explored how the more complex Marketing Technology (MarTech) stacks can support customer lifecycle communications.

Chapter 9 Managing digital marketing

Managing digital marketing requires constant review of new digital marketing opportunities. A major transformation to e-business and social business in organizations is needed to fully implement these new capabilities. This chapter explores the challenges and changes needed in a company to manage always-on digital marketing effectively. Topics covered include the transformation to social business, automation, measurement, optimization and making the business case for these changes.

Key contemporary issues in managing digital marketing through Digital Transformation programmes are discussed including Mobile marketing, conversion rate optimization and tag management.

Chapter 10 Digital marketing planning

Digital marketing planning involves marketing planning within the context of the e-business digital environment. So, not surprisingly, the successful digital marketing plan is based on traditional marketing disciplines and planning techniques, adapted for the digital media environment and then mixed with new digital marketing communications techniques. This chapter shows you how to create a comprehensive digital marketing plan, based on the well-established principles of the SOSTAC® Planning System (Smith, 1993).

In the new edition the SOSTAC® Planning structure has been reviewed, restructured and simplified. Situation analysis including capability assessment, digital transformation planning, Sun Tzu's *Art of War*, new analytical tools (many of which are free), the KPI Pyramid, the sales funnel, the 5Ss and RACE planning are all added. We also discuss new digital marketing strategies, with excerpts and examples, key components of digital marketing strategy, testing your strategy, the Tactical Tools Matrix, excellent execution and internal marketing, and an example outline digital marketing plan for Huawei Smartphones.

Who is this Book for?

Marketing and business professionals

- *Marketing managers* responsible for defining a digital marketing strategy, implementing strategy or maintaining the company web site alongside traditional marketing activities.
- *Digital marketing specialists* such as new media managers, digital marketing managers and e-commerce managers responsible for directing, integrating and implementing their organizations' e-marketing.

- *Senior managers and directors* seeking to identify the right e-business and e-marketing approaches to support their organizations' strategy.
- *Information systems managers and Chief Information Officers* also involved in developing and implementing e-marketing and e-commerce strategies.
- *Technical project managers or web masters* who may understand the technical details of building a site, but want to enhance their knowledge of e-marketing.

Students

This book has been created as the core text for the digital marketing qualifications for the Chartered Institute of Marketing and the Institute of Direct and Digital Marketing. As such, *Digital Marketing Excellence* will support the following students in their studies:

- *Professionals studying for recognized qualifications.* The book provides comprehensive coverage of the syllabus for these awards.
- *Postgraduate students on specialist Masters degrees in electronic commerce, electronic business or e-marketing and generic programmes in marketing management, MBA, Certificate in Management or Diploma in Management Studies* which involve modules or electives for digital marketing
- *Undergraduates on business programmes* which include marketing modules on the use of digital marketing. This may include specialist degrees such as electronic business, electronic commerce, Internet marketing and marketing or general business degrees such as business studies, business administration and business management.
- *Postgraduate and undergraduate project students* who select this topic for final year projects/dissertations – this book is an excellent source of resources for these students.

- *Undergraduates completing work placement* involved with different aspects of e-marketing such as managing an intranet or company web site.
- *MBA* – we find that this book actually gives non-marketing people a good grounding in marketing principles, business operations and of course digital marketing.

What does the Book Offer to Lecturers Teaching these Courses?

This book is intended to be a comprehensive guide to all aspects of deploying digital marketing within an organization. It builds on existing marketing theories and concepts and questions the validity of these models in the light of the differences between the Internet and other media, and references the emerging body of literature specific to digital marketing and e-commerce. Lecturers will find this book has a good range of case study examples to support their teaching. Web links given in the text and at the end of each chapter highlight key information sources for particular topics.

Learning Features

A range of features have been incorporated into *Digital Marketing Excellence* to help the reader get the most out of it. They have been designed to assist understanding, reinforce learning and help readers find information easily. The features are described in the order you will find them.

At the start of each chapter

- *Overview* – a short introduction to the relevance of the chapter and what you will learn.
- *Overall learning outcome* – a list describing what readers can learn through reading the chapter and completing the self-test.
- *Chapter topics* – chapter contents and the learning objectives for each section.

In each chapter

- *Digital Marketing Excellence boxes* – real-world examples of best practice approaches referred to in the text.
- *Digital Marketing Insight boxes* – quotes, opinions and frameworks from industry practitioners and academics.
- *Digital Marketing Best Practice Checklists* – to enable you to evaluate and improve your current approaches or plan a new initiative.
- *Practical Digital marketing Tip* – dos and don'ts to improve your website, e-mail or database marketing.
- *Definitions* – key digital marketing terms are highlighted in bold and the glossary contains succinct definitions.
- *Web links* – where appropriate, web addresses are given for further information, particularly those to update information.
- *Section summaries* – intended as revision aids and to summarize the main learning points from the section.

At the end of each chapter

- *Summary* – also intended as a revision aid and to summarize the main learning points from the chapter.
- *References* – these are references to books, articles or papers referred to within the chapter.

- *Web links* – these are significant sites that provide further information on the concepts and topics of the chapter. The web site references within the chapter, for example company sites, are not repeated here. The web site address prefix 'http://' is omitted for clarity except where the address does not start with 'www'.
- *Self-test questions* – short questions which will test understanding of terms and concepts described in the chapter and help relate them to your organization.

At the end of the book

- *Glossary* – a list of definitions of all key terms and phrases used within the main text.
- *Index* – all key words and abbreviations referred to in the main text.

Acknowledgements

We are fortunate to have shared our journey of understanding how to best use digital marketing with thousands of students and many marketing professionals and we thank you for sharing your experiences with us. We'd particularly like to thank all the practitioners who have shared their experiences on applying digital marketing which feature on SmartInsights.com and in this the fifth edition of *Digital Marketing Excellence* (formerly *Emarketing Excellence*).

We really do appreciate the effort made by the digital marketing specialists who have shared their knowledge as expert commentators on SmartInsights.com, or creative comments and posts on the PR Smith Marketing Facebook page, some of which appear in this book including: Conor Lynch (planning), Mike Berry, Steve Dempsey, John Horsley, Richard Sedley and Ze Zook, (marketing strategy), Dan Barker, Ben Jesson and Pritesh Patel, Jon Clifford (analytics), Dan Bosomworth, Paul Fennemore, Katy Howell, Jay Cooper and Marie Page (social media marketing), Rene Power (B2B marketing), Rob Thurner (mobile marketing), Chris Soames, James Gurd and John Newton (search marketing), Mel Henson (copywriting), Paul Rouke, Gerry McGovern, Paul Schwartfeger (usability) and Mark Brownlow, Kath Pay and Tim Watson (email marketing), Andrew Darling and Neil McLements (behavioural ads and remarketing), Adam Sharp, Ben Smart (automated marketing and CRM) and Kat Mayfield (review marketing).

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Chapter 1
Introduction to digital marketing

> We have a vision – to be the first fashion company that is fully digital end-to-end. The experience is that the customer will have total access to Burberry across any device, anywhere, but they will get exactly the same feeling of the brand, feeling of the culture, regardless of where, when and how they are accessing it.
>
> To any CEO who is sceptical today about social enterprise, you have to be totally connected with everyone who touches your brand. If you don't do that, I don't know what your business model is in five years.
>
> *Angela Ahrendts, when Burberry CEO, currently VP Retail and Online at Apple*

Overview

This chapter introduces what we see as the fantastic potential of integrated digital marketing for engaging audiences and its risks. It introduces the difference between e-commerce, digital business and digital marketing; the alternative digital communications channels; the dangers of sloppy digital marketing; how to present a business case for increasing your online activities, and the benefits of doing so – Sell, Serve, Speak, Save and Sizzle.

Overall Learning Outcome

By the end of this chapter, you will be able to:

- Understand the opportunities and risks of integrated digital marketing

- Outline an approach to developing a digital marketing plan
- Explain the key digital marketing activities needed for competitive success.

	CHAPTER TOPIC	LEARNING OBJECTIVE
1.1	Introduction	Outline the benefits and risks of digital marketing
1.2	The connected world	Outline the characteristics of the new multichannel marketplace
1.3	B2C, B2B, C2B and C2C	Identify different forms of collaboration between marketplace members
1.4	Digital marketing definitions	Describe the difference between e-commerce, e-business and digital marketing
1.5	Sloppy digital marketing	Avoid basic digital marketing mistakes
1.6	Objectives	Outline the five basic digital marketing objectives
1.7	Objective – Sell	Define objectives for selling to the customer online
1.8	Objective – Serve	Define objectives for serving the customer online
1.9	Objective – Speak	Define objectives for speaking to the customer online
1.10	Objective – Save	Define objectives for saving online
1.11	Objective – Sizzle	Define objectives for enhancing the brand online
1.12	Introduction to Digital marketing strategy	Outline approaches to achieving digital marketing objectives
1.13	Tactics, action and control	Outline digital marketing tactics, actions and control

1.1 Introduction

This chapter introduces you to the world of *integrated digital marketing*, its background and its benefits. It introduces the key concepts you need to succeed in digital marketing, plus examples of good and bad digital marketing. Chances are your organization is already actively engaged in digital marketing, so in this chapter, and throughout the book, we give you a planning framework and checklists to evaluate and improve your current digital marketing practices and plan new initiatives.

The chapter is structured using a simple *aide-mémoire*, called SOSTAC®. SOSTAC® is a planning system used by thousands of professionals to produce all kinds of plans (marketing plans, corporate plans, advertising plans and digital marketing plans). In later chapters and, in particular, Chapter 10, we provide a step-by-step guide to creating a digital marketing plan. In this chapter, we'll use SOSTAC® to provide a structure for an initial review.

Introducing SOSTAC® Planning for Digital Marketing

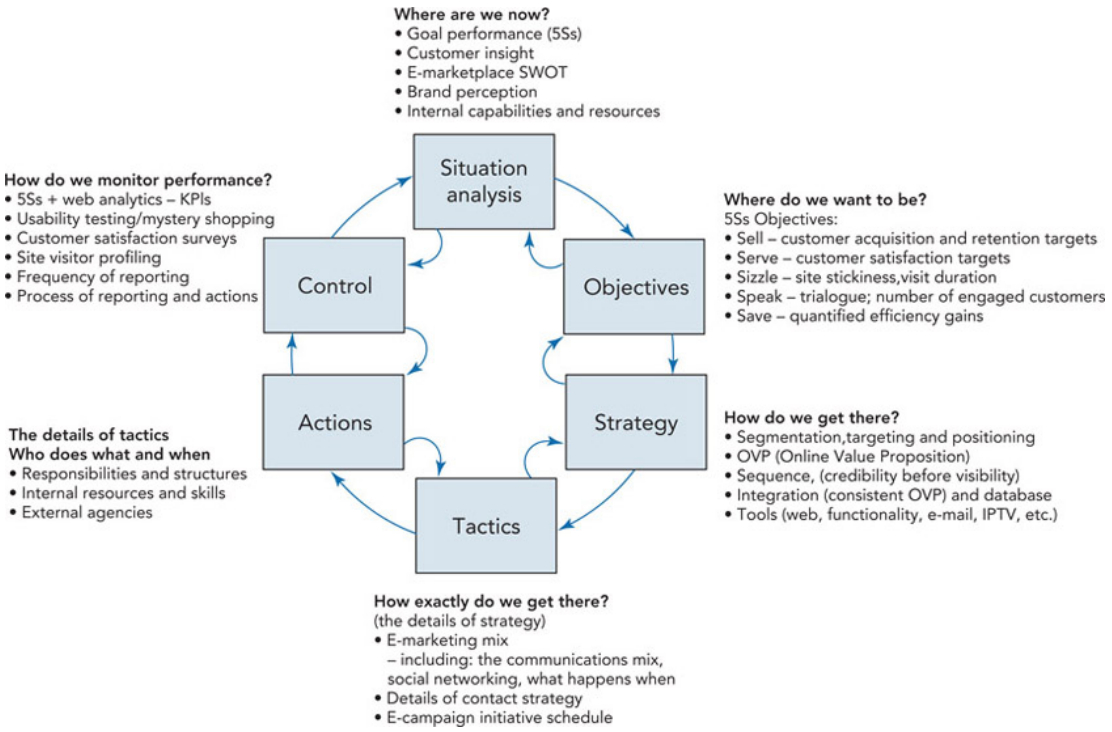

Where are we now?
• Goal performance (5Ss)
• Customer insight
• E-marketplace SWOT
• Brand perception
• Internal capabilities and resources
Situation analysis
How do we monitor performance?
• 5Ss + web analytics – KPIs
• Usability testing/mystery shopping
• Customer satisfaction surveys
• Site visitor profiling
• Frequency of reporting
• Process of reporting and actions
Control
Objectives
Where do we want to be?
5Ss Objectives:
• Sell – customer acquisition and retention targets
• Serve – customer satisfaction targets
• Sizzle – site stickiness,visit duration
• Speak – trialogue; number of engaged customers
• Save – quantified efficiency gains
Actions
Strategy
The details of tactics
Who does what and when
• Responsibilities and structures
• Internal resources and skills
• External agencies
How do we get there?
• Segmentation,targeting and positioning
• OVP (Online Value Proposition)
• Sequence, (credibility before visibility)
• Integration (consistent OVP) and database
• Tools (web, functionality, e-mail, IPTV, etc.)
Tactics
How exactly do we get there?
(the details of strategy)
• E-marketing mix
– including: the communications mix,
social networking, what happens when
• Details of contact strategy
• E-campaign initiative schedule

Figure 1.1 SOSTAC® planning framework. SOSTAC® is a registered trade mark of PR Smith

Source: www.sostac.org

SOSTAC® stands for Situation analysis, Objectives, Strategy, Tactics, Actions and Control (Figure 1.1). It is described in more detail in Smith (2016) and Smith and Taylor (2004) who note that each stage is not discrete, but there is some overlap during each stage of planning – previous stages may be revisited and refined, as indicated by the reverse arrows in Figure 1.1 below. For creating a digital marketing plan, the planning stages are as follows:

- *Situation analysis* means 'where are we now?' (In the context of this chapter, this includes definition of 'digital strategy' terms, growth in users and change in the marketplace, as well as examples of good and bad digital marketing.)
- *Objectives* means 'Where do we want to be?' What do we want to achieve through online channels and how they combine with physical channels, what are the benefits? We describe the '5Ss' as the main

objectives of, reasons for, or benefits of being online, which you should exploit.

- *Strategy* means 'How do we get there?' Strategy summarizes how to fulfil the objectives. What *online value propositions (OVPs)* should we create, and what positioning should drive the overall marketing mix and the promotional mix, right down to the different *contact strategies* for different segments, and which digital media channels should be selected? Getting your digital strategy right is crucial. As Kenichi Ohmae says (1999), 'There's no point rowing harder if you're rowing in the wrong direction'.
- *Tactics* reviews the tactical tools and the details of the marketing mix which is covered in Chapter 2 and the communications mix which is covered in Chapter 7.
- *Actions* refers to action plans and project management skills – essential skills which we won't go into in this chapter.
- *Control* looks at how you know if your e-efforts are working, and what improvements can be made – again, we won't delve in too deeply in this chapter.

Section Summary 1.1

Introduction

The SOSTAC® planning framework is used to structure this chapter. SOSTAC® is:

- Situation analysis – where are we now?
- Objectives – where do we want to be?
- Strategy – how do we get there?
- Tactics – which tactical tools do we use to implement strategy?
- Actions – which action plans are required to implement strategy?

- Control – how do we manage the strategy process?

1.2 Situation – the connected world

Let's consider the current situation of digital marketing – where the marketplace migrates into the *electronic marketspace*. How significant is this change? Fixed and mobile access to the Internet is continuing to grow rapidly and seamlessly across borders and into an online world already inhabited by over three billion customers. Given its scale and the benefits it offers to these customers and businesses, it is a big part of the future of all businesses. It also gives excellent opportunities to enter and grow a business by entering new markets as the Zalando case study shows.

Despite the vast number of people (and businesses) buying online, don't you think it's a little weird when you consider that billions and even trillions of dollars, pounds and euros pass seamlessly through wires interconnecting lots of devices all around the world? Google has built a billion-dollar business simply by charging for mouse clicks, some costing up to US$50!

The Connected World

Mobile devices are now the most common way of accessing the Internet, superseding desktop computers or laptops. What are the up-and-coming ways of accessing the Internet? *Interactive digital TV, mobile phones and mobile apps*, planes, trains and automobiles all access the Internet. Cars can also be 'connected' so that they can alert roadside repair companies to your location before you actually break down. Just about anything can be wired up, courtesy of the powerful combination of computer chips and cordless or wireless technology, including higher speed data transfer protocols such as *4G* and *Bluetooth* for data transfer between mobile phones and other

handheld devices. Digital marketers need to constantly evaluate the tremendous range of platforms as they evolve.

Digital Marketing Insight

Digital marketing platforms

Although the desktop access platforms or devices were dominant for years and remain significant, mobile marketing platforms are now the most important. A Global Web Index (Buckle, 2016) survey found that on average consumers own 3.64 connected devices from smartphones, laptops and tablets to streaming sticks, wearables and consoles, many that are used simultaneously through *multiscreening*, often with a connected TV.

These are the main platforms that the digital marketer needs to evaluate and manage.

Rather than present statistics here that will instantly date, to see the latest figures on digital media adoption we recommend you check out http://bit.ly/smartsources. *This is updated regularly to show the most useful sources for consumer and business adoption of digital devices. The most comprehensive breakdown by country showing consumer access by different devices is the International Telecomms Union (ITU).*

Desktop, laptop and notebook platforms

1. *Desktop browser-based platform.* This is traditional web access through the consumer's browser of choice whether Google Chrome, Apple Safari or Microsoft Explorer or Edge. The app store on Chrome gives a new way to reach audiences.

2. *Desktop apps.* Apple users are accessing paid and free apps from their desktop via the Apple App Store while Microsoft Windows users have their equivalent gadgets. This gives opportunities for brands to engage via these platforms.
3. *Email platforms.* While email isn't traditionally considered as a platform, it is part of the online experience and offers a separate alternative to browser and app-based options to communicate with prospects or clients, whether through editorial or advertising, and email is still widely used for marketing.
4. *Feed-based and API data exchange platforms.* More advanced, professional users still consume data through RSS feeds, and Twitter and Facebook status updates can be considered a form of feed or stream where ads can be inserted.
5. *Video-marketing platforms.* Streamed video is often delivered through the other platforms mentioned above, particularly through browsers and plug-ins, but it represents a separate platform. Television channels delivered through streaming over the Internet known as IPTV are related to this platform.

Major social networks like Facebook, Instagram, LinkedIn, Pinterest and Twitter can also be called platforms; some call them ecosystems because of their supporting interfaces and tools. These are accessed across different devices.

Mobile phone and tablet platforms

The options on mobile hardware platforms are similar in many ways to the desktop. Since smartphones can be used in different locations, there are many new opportunities to engage consumers through mobile marketing and location or proximity-based marketing. The main platforms are:

1. *Mobile operating system and browser*. There are mobile browsers which are closely integrated with the operating system.
2. *Mobile-based apps*. Apps have to be developed specifically for the mobile operating system, whether it is Apple iOS, Google Android or Windows.

Other hardware platforms

There are a host of other and growing platforms through which to communicate with customers; for example:

1. *Gaming platforms*. Whether it's a PlayStation, Nintendo or Xbox variety of gaming machine, there are increasing options to reach gamers through ads or placements within games; for example, in-game ads.
2. *Indoor and outdoor kiosk-type apps*. For example, in-store interactive kiosks and augmented reality options to communicate with consumers.
3. *Interactive signage*. The modern version of signage is closely related to kiosk apps and may incorporate different methods such as touchscreen, Bluetooth or QR codes to encourage interactivity.

Digital Marketing Excellence

Zalando exploits the power of digital media and distribution to grow a multi-billion euro business in less than five years

Once a novel single-country startup, Zalando has become a €6 billion company and Europe's top Fashion retail platform. In 2008, Zalando served only Germany, five years later they were serving 15 European countries.

Now, Zalando sells over 1,500 international brands, including international premium brands as well as localized brands that are only available per country. For each of the 15 tailor-made websites per country they serve, they include customized shipping, payment, fashion and marketing strategies unique to the culture and country.

Zalando is popular and successful for many reasons including a media, content, merchandising and localization strategy applied to each country, an effective customer satisfaction programme and focus on the mobile experience. Their Google AdWords programme is particularly important as a method for them to gain rapid awareness in each country they have entered since other online media techniques like SEO (too slow to grow an audience rapidly in a competitive market) and social media (relatively poor at impacting online sales) can be lacking to gain traction in a market. Using AdWords and offline advertising plus the distribution infrastructure requires a significant investment, so substantial initial backing is needed for an international e-commerce business like this, evident since it took four-plus years to break even in the core regions of Germany, Austria and Switzerland.

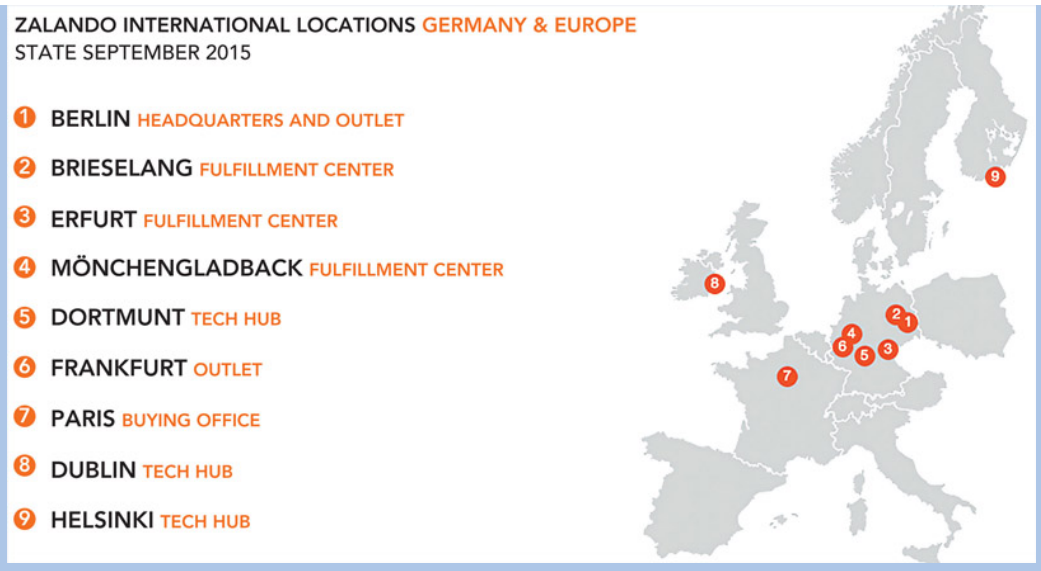

ZALANDO INTERNATIONAL LOCATIONS GERMANY & EUROPE
STATE SEPTEMBER 2015
1 BERLIN HEADQUARTERS AND OUTLET
2 BRIESELANG FULFILLMENT CENTER
3 ERFURT FULFILLMENT CENTER
4 MÖNCHENGLADBACK FULFILLMENT CENTER
5 DORTMUNT TECH HUB
6 FRANKFURT OUTLET
7 PARIS BUYING OFFICE
8 DUBLIN TECH HUB
9 HELSINKI TECH HUB

Figure 1.2 The growth of Zalando

Research, Trends and Forecasts

Table 1.1 Tools for assessing your online marketplace

Service	Description
1 **Google insights tools**	Google is one of the best sources of accurate tools for marketplace analysis including: • *Google Display Planner* (this Adwords tool shows relative size and audience of publishers in the AdWords programme) • *Google Trends* – trends in search volume by country – no sign-in required • *Keyword Planner* – this tool available within AdWords gives estimates of consumer search volumes for different terms.
2 **SimilarWeb** (www.similarweb.com)	Freemium tool providing traffic ranking of individual sites and their sources of traffic.

Service	Description
	Works best for larger sites. Alternatives are Alexa and Compete.
3 **Nielsen** (www.nielsen.com). Paid tool.	Panel service based on at-home and at-work users who have agreed to have their web usage tracked by software. Top rankings on site gives examples of most popular sites in several countries.
4 **ComScore** (www.comscore.com). Paid tool.	A similar panel service to Nielsen, but focusing on the US and UK. Publishes free country adoption summaries.
5 **Internet or Interactive Advertising Bureau (IAB)** (US: www.iab.net UK: www.iabuk.net Europe: www.europe.uk.net)	Research focusing on investment in different digital media channels, in particular display ads and search marketing. Paid-for services.
6 **Government sources**	Useful government sources include Eurostat (EU: http://epp.eurostat.ec.europa.eu), Ofcom (UK: www.ofcom.org.uk and Statistics.gov.uk) and Data. gov for the US.
7 **Non-government organizations**	Pew Internet Surveys (US: www.pewinternet.org) and International Telecoms Union (www.itu.int)
8 **IMRG** (www.imrg.org)	The Internet Media in Retail Group has compilations on online e-commerce expenditure in the UK

To effectively plan your digital marketing to predict your results, you need to tap into the wealth of research about current Internet usage and future

trends. In Table 1.1, we summarize a selection of free and paid-for services to help you analyze your online marketplace. In Chapter 3 on digital models and Chapter 4 on digital customers, we explain how you should analyze your online marketplace to help understand and exploit the online potential.

Section Summary 1.2

Situation – the connected world

More customers are spending an increasing part of their lives in the digital world. Marketers need to analyze demand by consumers for online services and respond to customers' needs in this new connected world.

1.3 Situation – B2C, B2B, C2B and C2C

The options for digital communications between a business and its customers are summarized in Figure 1.3. Traditionally, the bulk of Internet transactions are between business and business or industrial and commercial markets, known as *business-to-business (B2B)*; and between business and consumer markets (like cars and cola), known as *business-to-consumer (B2C)*.

B2B and B2C

This is where the bulk of online business occurs. Once upon a time, marketers used to learn from the *fast-moving consumer goods (FMCG)* manufacturers like Guinness, Coca-Cola and Heinz, while industrial marketing, or B2B marketing, was considered by some to be less exciting.

This is no longer the case, with relatively new B2B brands like Buffer, Hubspot, Smart Insights and Salesforce using *content marketing* to fuel dramatic growth through acquiring leads at low costs.

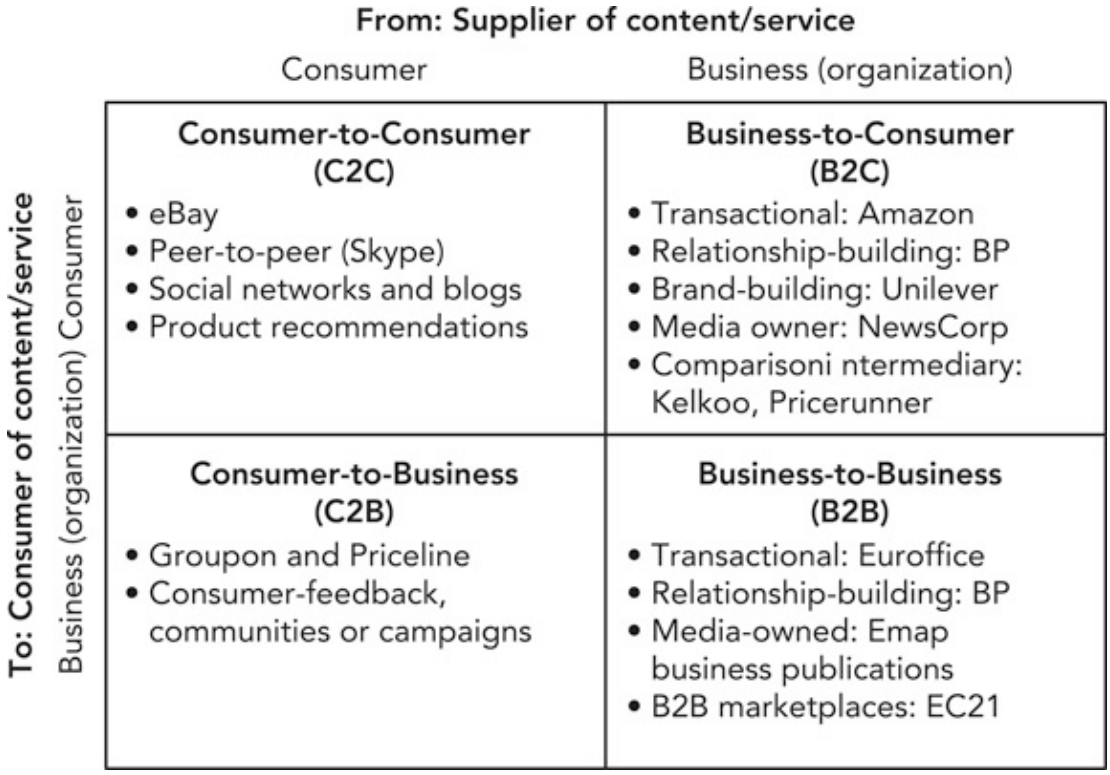


Figure 1.3 Options for online communications between an organization and its customers

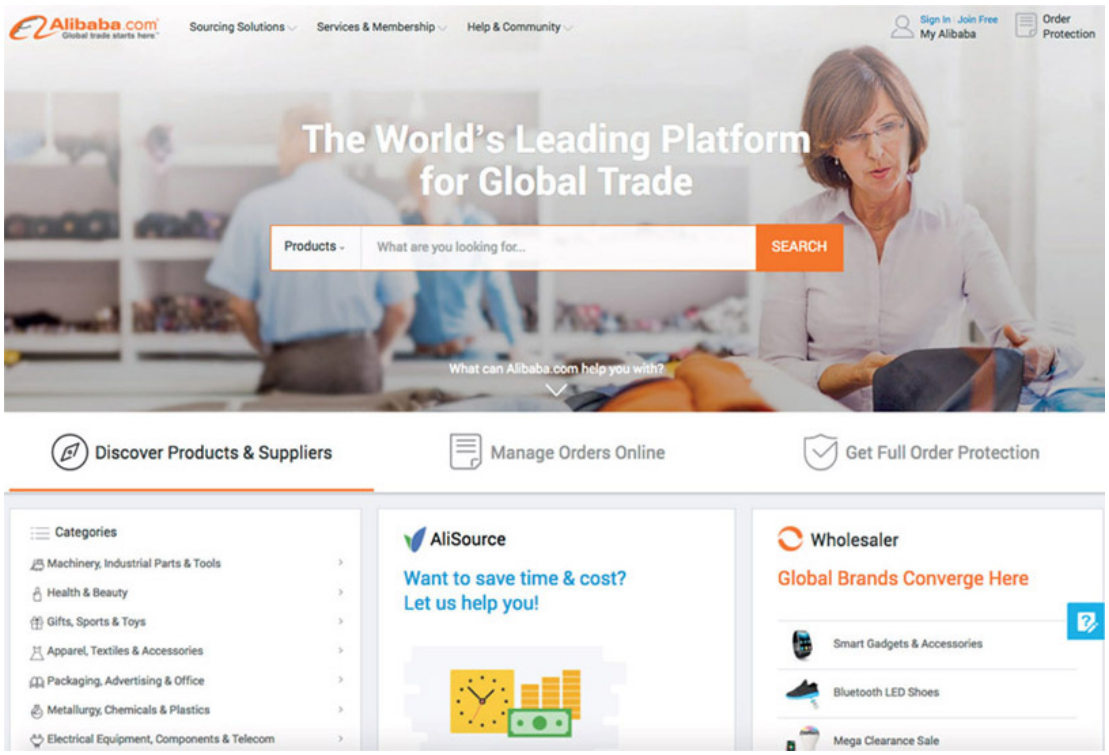


Figure 1.4 Product categories at Alibaba

Source: www.alibaba.com

In 2001, Ford and General Motors combined forces through the *B2B marketplace* Covisint (www.covisint.com) and moved their then US$300 billion and US$500 billion supply chains online. Today, Covisint is no longer an open marketplace, instead it is used by a handful of motor manufacturers. The benefits of transactional B2B e-commerce are now more about identifying products in electronic catalogues from a range of suppliers, selecting the best option and then managing the paperwork and workflow electronically through e-procurement. The eBay auction model has not really taken hold in B2B, although eBay does have its own B2B auction facility (http://business.ebay.com) and Alibaba.com has created a billion-dollar business focused on Asia (Figure 1.4).

C2C and C2B

Whether you are B2C or B2B, don't forget customer-to-customer (C2C) and customer-to-business (C2B). C2C models and the *social media* to support them have proved one of the most disruptive examples of online business technology. An early indication of the popularity of C2C was the growth of online consumer auctions at eBay and in niche communities focusing on interests such as sport, films or pastimes. More recently, a dramatic growth in C2C interactions has been fuelled by the growth of social networks: the 'Big 8' – that's Facebook/Instagram, Google/YouTube, Snapchat, Twitter, LinkedIn and Pinterest. These are now key to reaching many customers through business or brand pages and advocacy via key influencers on these platforms. Social interactions are now so important that they are reducing consumption of other forms of digital media and traditional media, so all companies need to develop a strategy to engage these consumers. That's why we devote Chapter 5 to developing a social media strategy.

Customer-to-business models were touted in the 'dot-com' boom as playing a significant role in some B2B or B2C sectors. In this model, a potential buyer approaches a marketplace of sellers who then compete for the sale. In the consumer market, Priceline (www.priceline.com) initially used this model, but now offers a familiar price comparison model also used by Booking.com in the same group and consumer sites such as Kelkoo. Groupon established a group-buying model where previous models like LetsBuyIt.com failed. C2B also involves customers developing their own content online, which is known as user-generated content (UGC), with businesses facilitating it. For example, many smaller travel companies, such as Superbreak (www.superbreak.com) and Travel Republic (www.travelrepublic.co.uk) have exploited the approach originally adopted by TripAdvisor (www.tripadvisor.com). Do you have a plan for UGC?

Digital Marketing Excellence

Argos and RS Components exploit new markets

When catalogue retailer Argos (www.argos.co.uk) launched its web site, it found that sales were not limited to its core B2C market. Around 10 per cent of the site's customers were B2B – the web provided a more convenient purchase point than the previous retail chain. It has since changed its product offering to accommodate this new segment. Conversely, B2B company RS Components found that a significant proportion of sales were B2C, so reaching new customers via its online presence.

Types of Online Presence

When assessing the relevance and potential of digital marketing for a business, remember that different business types offer different opportunities and challenges. Chaffey and Ellis-Chadwick (2015) identify five main types of online presence or components possible as part of a site:

1 *Transactional e-commerce site.* Online retailers, travel, financial services providers or manufacturers make their products available for online purchase. The main business contribution is through sale of these products. The sites also support the business by providing information for consumers who prefer to purchase products offline.

2 *Services-oriented relationship building or lead-generation web site.* Provides information to stimulate purchase and build relationships. Products are not typically available for purchase online. Information is provided through the web site, along with email marketing, to inform purchasing decisions. The main business contribution is through encouraging offline sales and generating enquiries or leads from

potential customers. Such sites also help by adding value for existing customers by providing them with information of interest.

Examples: B2B examples are management consultants such as PricewaterhouseCoopers (www.pwc.com) and Accenture (www.accenture.com). Most car manufacturers' sites may be services-oriented rather than transactional.

3 *Brand-building site*. Provides an experience to support the brand and current campaigns. Products are not typically available for online purchase, although merchandise may be. The main focus is to support the brand by developing an online experience of the brand through content marketing integrated with social media outposts. They are typical for low-value, high-volume, fast-moving consumer goods (FMCG brands).

Examples: Lynx (www.lynxeffect.com) and Guinness (www.guinness.com).

4 *Portal or media site*. The main purpose of these types of *intermediaries* or publishers is to provide information and content. The term portal refers to a gateway to information or a range of services such as a search engine, directories, news, blog content, shopping comparison, etc. This is information both on the site and via links through to other sites. Online publishers have a diversity of options for generating revenue, including advertising, commission-based sales (affiliate marketing) and selling access to content through subscription or pay-per-view.

Examples: Yahoo! (www.yahoo.com), the *Financial Times Online* (www.ft.com) or TripAdvisor (www.tripadvisor.com).

5 *Social network or community site*. A site enabling community interactions between different consumers (C2C model). Typical

interactions include posting comments and replies to comments, sending messages, rating content and tagging content in particular categories. Well-known examples include Facebook and LinkedIn, but there are many less well-known niche communities that may be important within a market. In addition to distinct social network sites, social interactions can be integrated into other site types through plug-ins or *application programming interfaces (APIs)*. The Facebook APIs are very important in integrating Facebook 'Like' buttons and content into sites through services such as the Facebook social plug-in.

Remember that these are not clear-cut categories of web sites, since many businesses will have sites which blend these elements, but with different emphasis depending on the markets in which they operate.

To engage their audience and so increase advertising revenue, social networking sites are also looking to provide many of these services through *social network company brand pages*, sometimes called 'social outposts' for short.

Section Summary 1.3

Situation – B2C, B2B, C2B and C2C

Digital marketing involves collaboration between different parties that can be characterized by four main interactions:

1. B2C – business-to-consumer (B2C e-tail is arguably the most talked about)
2. B2B – business-to-business (less talked about, but with the most transactions)
3. C2C – customer-to-customer interactions (best known as consumer auctions, but can also be achieved as B2C and B2B social networks or

communities)

4. C2B – customer-to-business (novel buying models where customers approach the business on their own terms or generate content to support the business).

1.4 Situation – digital marketing definitions

When we first wrote this book in the middle of the dot-com boom of 2000, there were many terms with the e-prefix from e-marketing to e-commerce and e-business. In previous editions, we included 'digital marketing' in the sub-title, but for this, the fifth edition, we have updated the title of this book from *E-Marketing* to *Digital Marketing* since it reflects usage by professionals in our 'industry'. Marketers worldwide now use digital marketing to reference the range of digital media, technology and digital platforms used to reach and interact with consumers and businesses.

Within any organization, developing a common understanding for these terms, and how they interrelate and who will manage them, is important to enable development of a consistent, coherent strategy.

E-commerce is primarily about selling online or the ability to transact online. This includes online retail, banking and travel. Some suggest that e-commerce includes all online transactions such as responding to an enquiry or an online catalogue search.

E-commerce itself does not include the marketing or the back office administration processes that are required to run a business. *Digital business* has a broader perspective involving the automation of all the business processes in the value chain – from procurement or purchasing of raw materials, to production, stock holding, distribution and logistics, sales and marketing, after sales, invoicing, debt collection and more.

Digital marketing formerly referred to as e-marketing or Internet marketing is at the heart of digital business – getting closer to customers and understanding them better, adding value to products, widening distribution channels and boosting sales through running digital marketing campaigns using *digital media channels* such as search marketing, online advertising and affiliate marketing which we will explain later in this chapter. It also includes using the web site to facilitate customer leads, sales and managing after-sales service. As with mainstream marketing, digital marketing is a way of thinking, a way of putting the customer at the heart of all online activities; e.g. getting different user groups to test your web site on different browsers in different settings on different connections.

Digital Marketing – the Dynamic Dialogue

Simply put, digital marketing is marketing online whether via web sites, online ads, opt-in email, mobile apps or emerging platforms. It involves getting close to customers, understanding them better and maintaining a dialogue with them. It is broader than e-commerce since it is not limited to transactions between an organization and its stakeholders, but includes all processes related to marketing.

This dynamic dialogue is at the heart of good marketing. Digital marketing builds on the database (of customers and prospects) and creates a constant flow of communications between customers and suppliers and between customers themselves. Dynamic means what it says. Dynamic does not mean static *brochureware* web pages – you do still see them! It's a two-way flow of communications – an ongoing discussion between customer and supplier. The power of this dialogue is that it not only engages audiences, but gives associated boosts to *search engine optimization (SEO)* and *social media optimization (SMO)* through the backlinks and social sharing that it creates which give positive ranking signals to the search engine as explained in Chapter 7.

Digital marketing can help create a business which is customer led – where the customer participates, through a constant dialogue, a dynamic dialogue, expressing interests, requesting products and services, suggesting improvements, giving feedback – where ultimately, the customer drives the business. However, larger businesses have to beware of the dangers of creating digital silos which will damage integrated communications.

Digital Marketing Insight

Create integrated digital marketing activities NOT digital silos

Given the increase in importance of digital marketing activities and the creation of new roles in businesses to manage them, many larger organizations have seen silos develop where activities like digital marketing or specialist search, email or social media marketing form separate teams. There will often also be separate specialist agencies working on these activities.

With separate teams and agencies, communications and developing integration of activities between digital marketing teams and product and brand marketers becomes a huge challenge. So plans are essential to encourage a shared, integrated approach across activities.

Smart Insights (2016a) has identified the eight core digital marketing activities shown in Figure 1.5 that demand special attention from marketers to plan, manage and optimize each marketing technique so that online marketing is competitive and maximizes ROI. In small businesses, one person or agency may manage all of these and in larger organizations or agencies there could be multiple people involved in each depending on business sector.

The eight activities recommended are:

1 *Digital experience management.* Traditionally the company website has been at the heart of online marketing, but as we explain in Chapter 6, today companies need to think of a broader customer experience to enable interaction across desktop and mobile websites, mobile apps, social media company page and email marketing. For multichannel businesses such as retailers, financial services and travel companies, there are also great opportunities to offer in-store digital experiences such as the virtual and augmented reality techniques described in Chapter 6.

Figure 1.5 Eight key digital marketing activities to manage in all organizations

2 *Digital marketing strategy and planning.* Research shows that many businesses are doing digital marketing, but without a

strategic, planned approach. The SOSTAC® system should be used to create an overall integrated digital marketing plan as explained in Chapter 10 and also to get the most from these other key activities. Businesses also need to manage burst campaigns to engage their audiences and the 'always-on' activity to get visibility across search engines and social media that we describe in Chapter 7.

3 *Content marketing*. Smart Insights (2016a) considers content marketing as the fuel for all the core digital marketing activities to engage and persuade your audience. Content is the glue that links digital media for content distribution with the digital platforms where it is consumed across the customer path-to-purchase. Leading businesses develop a more strategic approach to content creation, repurposing, advertising and outreach.

4 *Search Engine Optimization (SEO)*. If you get it right, SEO can be a huge competitive advantage in many business sectors where prospects are looking for brands, products and solutions. To get visibility you need to rank highly in the organic search results pages (SERPs) for the search terms your users are looking for. So, it's super-competitive and essential you know about the details we cover in Chapter 7.

5 *Paid search marketing and other programmatic advertising*. For similar reasons, paid search marketing is highly competitive in all sectors. With Google dominant in many countries, Google AdWords needs careful management, integrated with organic search and also including reaching web users via online advertising through the Google Display Network ads or programmatic advertising (Chapter 7) to deliver a return on investment.

6 *Social media marketing*. Social media is popular with consumers and marketers alike since it offers many visual opportunities for sharing of ideas, contents and brand recommendations. In Chapters 5 and 7 we explore the free organic and paid advertising

options to use social media for customer acquisition and retention and in Chapter 8 we cover social media customer service.

7 *Email marketing and marketing automation.* When visitors are away from your website or app, email marketing is still the best way to deliver targeted, relevant messages to prospects or customers. Marketing automation takes it to the next level so that email and web personalization can use the 'sense and respond' approach explained in Chapter 8.

8 *Multichannel analytics.* Digital Analytics from services such as Google or Adobe Analytics is just part of the business intelligence that helps fuel analysis of business results and performance. These are great tools, but as we describe in Chapter 9, getting the most from them, and so get more commercial value from them, needs careful setup, a review process incorporating qualitative feedback from customers to inform optimization.

The role of digital platforms in supporting integrated *multichannel marketing* is another recurring theme in this book and in Chapter 2 we explore its role in supporting different *customer journeys* through alternative communications and distribution channels. Online channels can also be managed to support the whole buying process.

Practical Digital Marketing Tip

Integrated lifecycle marketing

Savvy digital marketers understand the importance of building an integrated multichannel touch or contact strategy which delivers customized communications to consumers through search or *behavioural targeted* display ads (also known as remarketing), emails and web recommendations and promotions. Every customer interaction

or response to a communication should be followed up by a series of relevant communications delivered via the right combination of channels (web, email, phone, direct mail) to elicit a response or further dialogue. This is contextual or 'Sense and Respond' marketing, where the aim is to deliver relevant messages which fit the current context of what the customer is interested in according to the searches they have performed, the type of content they have viewed or the products they have recently purchased.

We call this 'right touching':

> *Right Touching is:*
>
> *A Multi-channel Communications Strategy*
>
> *Customized for Individual Prospects and Customers forming segments*
>
> *Across a defined customer lifecycle*
>
> *Which ...*
>
> *Delivers the Right Message*
>
> *Featuring the Right Value Proposition (product, service or experience)*
>
> *With the Right Tone*
>
> *At the Right Time*
>
> *With the Right Frequency and Interval*
>
> *Using the Right Media/Communications channels*
>
> *To achieve ...*
>
> *Right balance of value between both parties*
>
> *(Dave Chaffey, www.smartinsights.com)*

You can see that right touching is not easy; all the permutations mean that businesses often get it wrong. That's why we think it's one of the biggest challenges for companies across customer acquisition, retention and growth. We return to this topic in Chapter 8 on customer

relationship management (CRM) where we explain how to develop the right contact strategy.

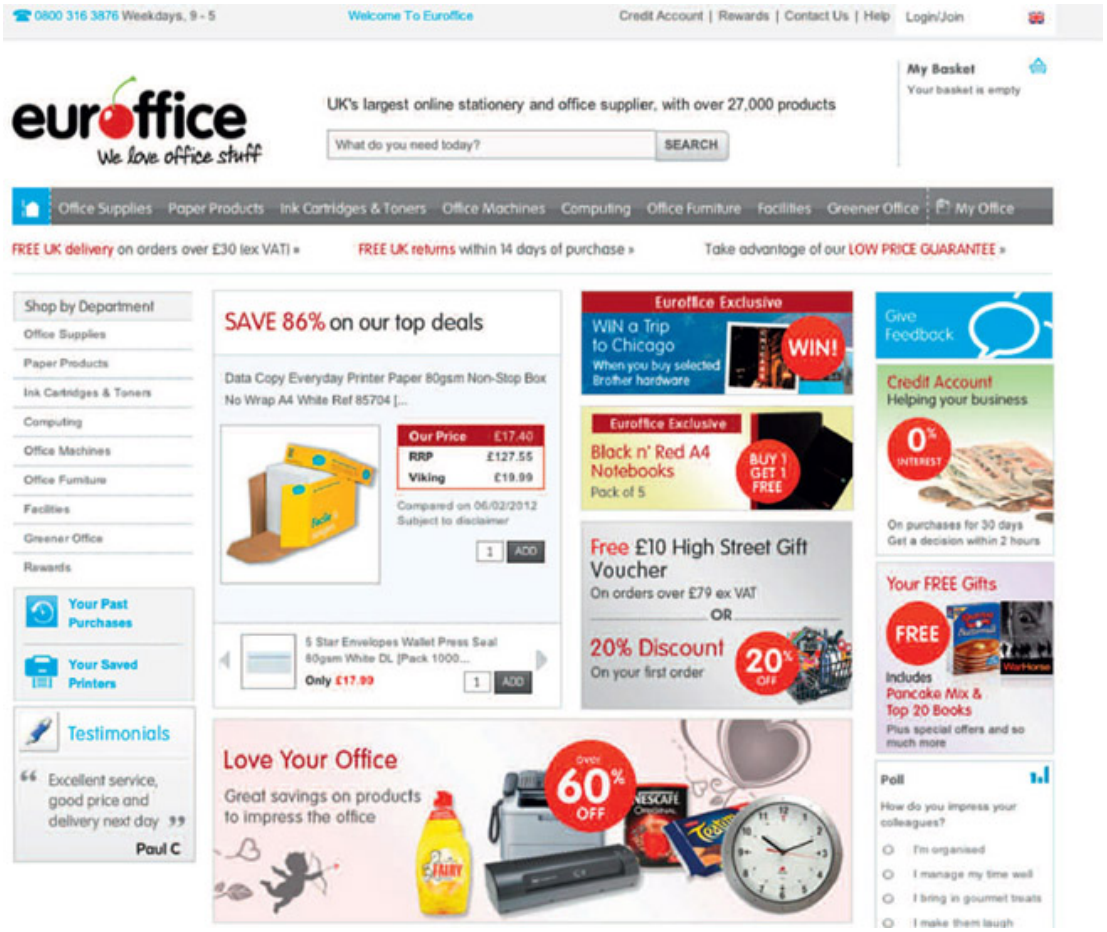
Digital Marketing Checklist – Right Touching

To what extent are you incorporating right touching into your digital marketing? Use this checklist from customer acquisition to retention:

- ☑ 1 *Search marketing*. When a prospect uses a search engine to search for a company or brand name or a specific category or product, a paid search ad from the company or content in the *natural search results* as explained in Chapter 7.
- ☑ 2 *Behavioural targeting or online advertising*: When a prospect interacts with content on a media site or searches on a specific term, a sequence of follow-up ads known as *behavioural retargeting* should be displayed as they visit other sites within a network and the destination site of the merchant paying for the advertising.
- ☑ 3 *Multi-touches across different digital media channels for acquisition.* Use tracking and develop *attribution models* through *web analytics* to understand the sequence and combination of different digital media channels (search, *affiliates*, display ads or *aggregators*) which generate the most cost-effective response. How do you allocate the channel to the outcome? Do you simply do '*last click wins*' or do you weight across the different touch points as we discuss in Chapter 3?
- ☑ 4 *Customer lifecycle model and welcome strategy*. When a prospect subscribes to an email newsletter, enquires about a service or makes a first purchase, a welcome communications strategy should be in place which uses a sequence of email and possibly personalized web recommendations, direct mail and phone communications to educate the customer about the brand or product and generate the initial sale. This should aim at building a relationship and then developing a

commitment from first-time visitor, to repeat visitor to qualified prospect, to first-time customer and then repeat customer, increasing customer lifetime value.

☑ 5 *Reducing online attrition.* When a shopper abandons their shopping basket, a combination of communications should seek to win them back. Alternatively, after a quotation,



gure 1.6 Euroffice Office Supplies serving B2C and B2B markets

urce: www.euroffice.co.uk

for example, for a car policy, follow-up emails should remind customers about the benefits of taking out the policy.

☑ 6 *Delivering relevant recommendations for retention and growth.* When an existing customer returns to a site, a personalized container should be available on every page to deliver relevant personalized promotions.

Amazon recommendations are the best-known examples; another is office supplier Euroffice (www.euroffice.co.uk, Figure 1.6) which delivers relevant recommendations to prospects and customers according to their position in the lifecycle, segment and previous purchases. Similarly, dynamic content panels within emails do the same.

☑ 7 *Following up on customer product or promotion interest.* When a customer clicks on a link in an email or interacts repeatedly with content on a site, is there an automated workflow triggering an email, remarketing ad on social media, direct mail or phone reminder about the offer?

☑ 8 *Getting the frequency right.* Effective right touching requires that messages stay engaging, relevant and do not become too intrusive or too repetitive. So you should put limits on the maximum number of emails that are sent in a period (e.g. one a month or one a week) and the interval between them (e.g. an interval of at least three days).

☑ 9 *Getting the channel right.* Right channelling means using the best channel(s) for the customer, which fit their preferences, and the right channel for the company, which gives them the best combination of cost and response. It means that you may be able to upweight email communications for some customers because they interact and respond to them, so reducing costs of direct mail. But other customers on an email list may not respond to or may dislike email, and so direct mail is upweighted to them.

☑ 10 *Getting the offer right.* Offers will vary in effectiveness according to the audience targeted and this will be shown by their profiles and customer journeys indicated by the media and content they have consumed. Can you identify the Next Best Product for previous purchasers? So right touching requires that testing is built-in to deliver the right messages and right sequences of communications for different audiences.

The Customer-Led Business

Let's get back to the fundamentals. Although different business models and marketing models have emerged, the same basic marketing principles apply whether online or offline:

- Get close to customers, listen to them
- Involve them
- Serve them
- Add value
- Find the best ones
- Nurture them into lifelong customers and advocates
- And, of course, test, test, test, measure and improve.

To help define digital marketing in more detail, let's look at what marketing is. The UK Chartered Institute of Marketing defines marketing as: 'The management process responsible for identifying, anticipating and satisfying customer needs profitably'.

What does digital marketing involve?

Now let's consider how digital marketing can fulfil the definition of marketing, if properly implemented. Let's break up the definition into manageable chunks: *Digital marketing can identify, anticipate and satisfy customer needs efficiently.*

Taking a web site as a major part of digital marketing, consider how it can fulfil the definition of marketing (identify, anticipate and satisfy customer needs profitably). It can:

- *Identify* needs from customer comments, enquiries, requests and complaints solicited via the web site's email facility, bulletin boards,

chat rooms and, of course, sales patterns (seeing what's selling and what's not), and by observing new customer groupings identified by data mining through customer data, sales and interests (recorded using *web analytics* which reveal insights into interests determined by pages visited). Don't forget *online surveys and direct from customer online feedback tools* such as those listed at http://bit.ly/smartfeedback, assessing satisfaction and requesting suggestions for service or product improvements. Finally, there is a proliferation of online secondary sources of research such as those given in Table 1.1 (above), many of which provide free in-depth insights into customer needs.

- *Anticipate* customer needs by asking customers questions and engaging them in a dynamic dialogue built on trust. And, of course, a little bit of what Amazon calls *collaborative filtering* helps the company to identify and anticipate what customers might like, given that buyers of similar books have similar interests. Customers often welcome suggested books from Amazon. And today's sophisticated profiling techniques allow many companies to do their own *data mining* to discover and anticipate buyers' needs. This is old technology. More recent sophisticated *profiling* technology allows some companies to analyze your interests without even knowing your name – courtesy of the *cookie* – a bit of code sent to your access device when you visit certain sites. So without knowing your name, it knows your interests. It recognizes your device and records which types of sites you visit (interests you have). So when you visit a web site and an unusually relevant banner ad drops down, this is no coincidence – cookies have anticipated your desires and needs.
- *Satisfy* needs with prompt responses, punctual deliveries, order status updates, helpful reminders, after-sales services and added value services combined with the dynamic dialogue. The dialogue maintains permission to continue communicating and then adds value by delivering useful content in the right context (right time and right amount).

- *Efficiently* means in an automated way (or partially automated) – an efficient, yet hopefully not impersonal, way (i.e. it allows tailor-made technology to increase the marketer's memory as the relationship effectively blossoms during the customer's life – increasing *lifetime value*). And if the web site is integrated with *CRM* systems and *mass customization*, then the relationship deepens and needs are completely satisfied in a very efficient automated two-way process. This also, of course, provides some protection from the inevitable onslaught of competition.

Section Summary 1.4

Situation – digital marketing definitions

E-commerce generally refers to paid-for transactions, whether B2C or B2B, but some commentators include all communications between customers and business. Digital business is broader, including e-commerce, and is a means to optimize all business processes that are part of the internal and external value chain. Digital marketing is best considered as how digital marketing tools such as web sites, CRM systems and databases can be used to get closer to customers – to be able to identify, anticipate and satisfy their needs efficiently and effectively.

1.5 Situation – sloppy digital marketing

Identifying, anticipating and satisfying customer needs is all simple common sense. Yet common sense is not common. Sloppy digital marketing has become commonplace – broken sites, delayed deliveries, impersonal responses, non-responses.

Whether it's unclear objectives, lack of strategy or simply lousy execution, good digital marketing is still relatively rare.

Digital Marketing Insight

Online customers demand service

It's a well-known saying that if you have a good experience with a brand, you may tell one person; but if you have a bad experience, you tell ten others. Today, through online sharing of experiences, the experiences can be shared much more widely. Smart Insights (Chaffey, 2012) reported that 'over 44 per cent of adults now use the web to share grievances about products, with new customers expecting to interact with companies online and get a speed response'. At the same time, many companies are ignoring comments by customers made on the social networks, with one survey showing that '95% of customer Facebook posts were ignored by brands' (Bosomworth, 2012). Some are even facilitating it; for example, McDonald's asked its Facebook followers and Twitter fans to share their experiences under a hash tag #McDStories, which was hijacked by customers complaining about negative experiences. The report recommends that to minimize the impact of customer complaints:

- The customer service operation is equipped to monitor and engage with a targeted spectrum of media.
- Companies fully understand where, why and how their customers are using social media before making any social media marketing changes.
- A balance is struck across different types of media – telephone, email, web, social network and mobile.

- The power of online communities is recognized, and customers are encouraged to help each other.
- Relationships are nurtured with advocates who wield particular influence on the Internet.
- Specialist tools are used to measure the impact of customers' online activity.

Chapter 3 on changing digital models shows why many of the old-world models, business models, marketing models, distribution models, pricing models and advertising models do not fit the new world of digital marketing. New models are required and the digital models chapter invites you to create some new models and examine other new emerging models. Whether marketing offline or online, do not forget the basics of good business: carefully thought-through ideas, attention to detail and excellent execution can be the difference between success and failure.

Sloppy digital marketing is also often evident through inefficient design of customer experiences on site. Take the example of a transactional site, where there are many opportunities to lose the customer's order. It's no wonder that average conversion rates remain well below 5 per cent (based on a Smart Insights (Chaffey, 2016) compilation available at http://bit.ly/smartconversion; see Figure 1.7).

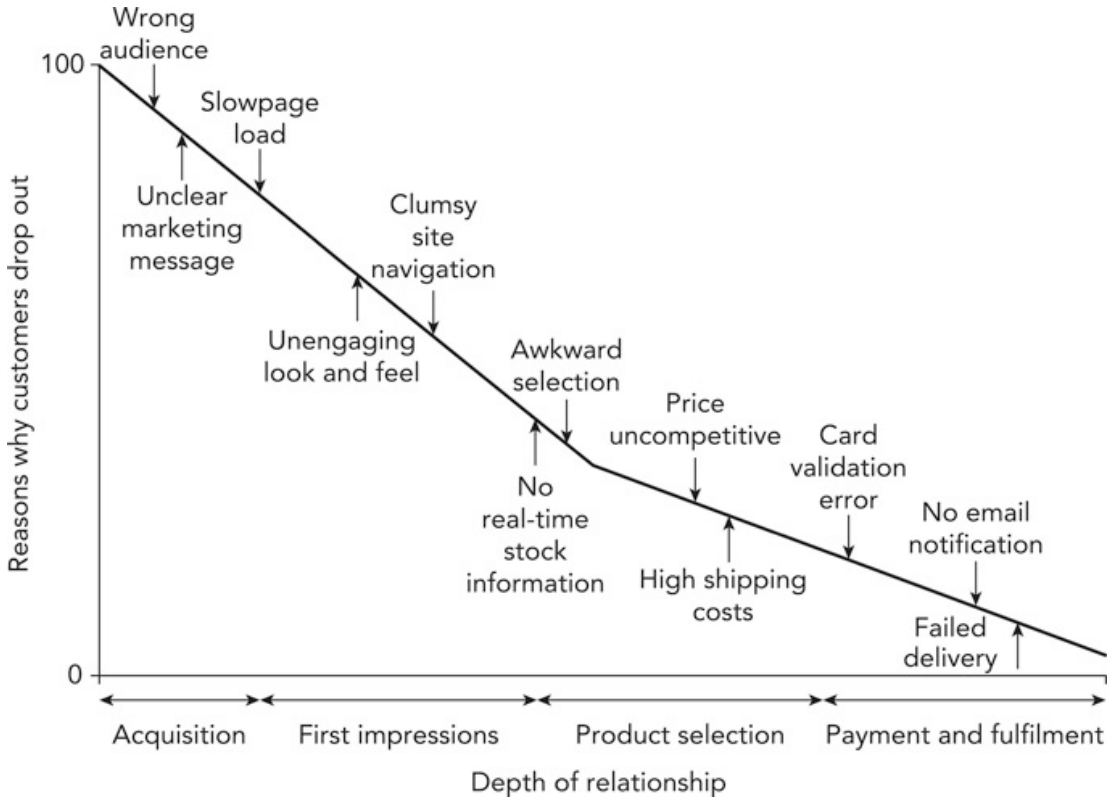


Figure 1.7 Digital marketing sloppiness causes high attrition rates

Section Summary 1.5

Situation – sloppy digital marketing

There are many examples of poor digital marketing. This may result from unclear objectives, lack of strategy or simply lousy execution. Marketers should assess and minimize the risks before embarking on digital marketing.

1.6 Objectives

One reason why many new businesses, and in particular new startup businesses, go horribly wrong is often because objectives are not clearly agreed upon, and companies keen to get on with it jump straight to tactical tools (such as websites, Google AdWords or social media) without first agreeing on clearly defined objectives and razor-sharp strategies.

The following sections on objectives cover the purpose or reasons why businesses go online. They examine the kind of clear objectives and goals that will drive good digital marketing.

So before making the change to digital marketing, first be clear: Why do you want to go online? What are the objectives? What advantages and benefits are expected?

You must be clear why you're getting into digital marketing and the areas on which you want to focus as you improve your digital marketing. What are the objectives, apart from competitive paranoia? What are the benefits? There are five broad benefits of, reasons for or objectives of digital marketing:

1. Grow sales (through wider distribution, promotion and sales).
2. Add value (give customers extra benefits online).
3. Get closer to customers (by tracking them, asking them questions, creating a dialogue, learning about them).
4. Save costs (of service, promotions, sales transactions and administration, print and post) and so increase profits on transactions.
5. Extend the brand online. Reinforce brand values in a totally new medium.

There is a section on each of these 'objectives'.

These digital marketing objectives can be summarized as the '5Ss' – Sell, Serve, Speak, Save and Sizzle. These are covered in the next five sections. Once you have defined (and quantified) 'where you are going' (your

objectives), you can then decide 'how to get there' – strategy. First, consider objectives.

You should set specific goals for objectives in each of the five areas, as shown in Table 1.2.

Table 1.2 Objectives for the 5Ss of digital marketing

Benefit of digital marketing	How benefit is delivered	Typical objectives
Sell – Grow sales	Achieved through wider distribution to customers you can't readily service offline or perhaps through a wider product range than in-store or lower prices compared to other channels.	• Achieve 10% of sales online in market • Increase online sales for product by 20% in year • Increase conversion rate by 5%.
Serve – Add value	Achieved through giving customers extra benefits online or inform product development through online dialogue and feedback.	• Increase conversion rate by 5% • Increase interaction with different content on site • Increase dwell time duration or pages per view on site by 10% (sometimes known as stickiness) • Increase number of customers actively using online services (at least once per month) to 30%.

Benefit of digital marketing	How benefit is delivered	Typical objectives
Speak – Get closer to customers	This is creating a two-way dialogue through web and email forms and polls; conducting online market research through formal surveys; and informally monitoring chat rooms to learn about them. Also speak through reaching them via *key infiuencers* through e-PR.	• Grow email coverage to 50% of current customer database • Survey 1,000 customers online each month • Increase visitors to community site section or increase ratings/reviews and discussions by 5%.
Save – Save costs	Achieved through online email communications, sales and service transactions to reduce staff, print and postage costs.	• Generate 10% more sales for same communications budget • Reduce cost of direct marketing by 15% through email • Increase web self-service to 40% of all service enquiries and reduce overall cost-to-serve by 10%.
Sizzle – Extend the brand online	Achieved through providing a new proposition and new experience online while at the same time appearing familiar.	• Add two new significant enhancements to the customer online experience • Rework online value

Benefit of digital marketing	How benefit is delivered	Typical objectives
		proposition messaging • Improve branding metrics such as: brand awareness, reach, brand favourability and purchase intent.

Digital Marketing Insight

Ultralase grow visits and sales through clearly defined objectives

Ultralase (www.ultralase.com, Figure 1.8), is a company offering laser eye treatment – a high-value consumer service. Their market is characterized by intense competition with other suppliers such as Optimax, Optical Express and Accuvision. Before developing a digital strategy, Ultralase had relatively low brand awareness and was struggling with a long sales cycle and relatively uninformed customers. The main communications disciplines used were:

- Press
- Direct mail
- PR
- Brochures.

Their web site integrates with these offline channels and shows how the 5Ss can be applied as objectives which inform site features and communications:

- *Sell.* A prominent call to action 'above-the-fold' of the site encourages permission marketing with an offer of a DVD which is still relevant for a high-involvement decision and is aimed to ultimately lead to a consultation.
- *Serve.* Service quality is shown by records of customer treatment on a separate domain (http://thegiftofsight.com). Service is delivered by specially formulated frequently asked questions (FAQs).
- *Speak.* The site highlights three key user tasks responding to consumer concerns; i.e. quality, cost and booking a consultation.
- *Save.* Ultralase have invested in online media such as search marketing and PR which can be more cost-effective than offline media to drive awareness when prospects are looking for this service. The content on the site also reduces the need for more expensive brochures in mailings.
- *Sizzle.* The site features patients' stories and makes surgeons more accessible. Key messages are delivered through a high-impact carousel at the top of the page.

As we review the 5Ss, we will relate them to Ultralase.

Section Summary 1.6

Objectives

Organizations need to be clear about the objectives of digital marketing, so that the appropriate resources can be directed at achieving these objectives. A useful framework for developing objectives is the 5Ss of Sell, Serve, Speak, Save and Sizzle.

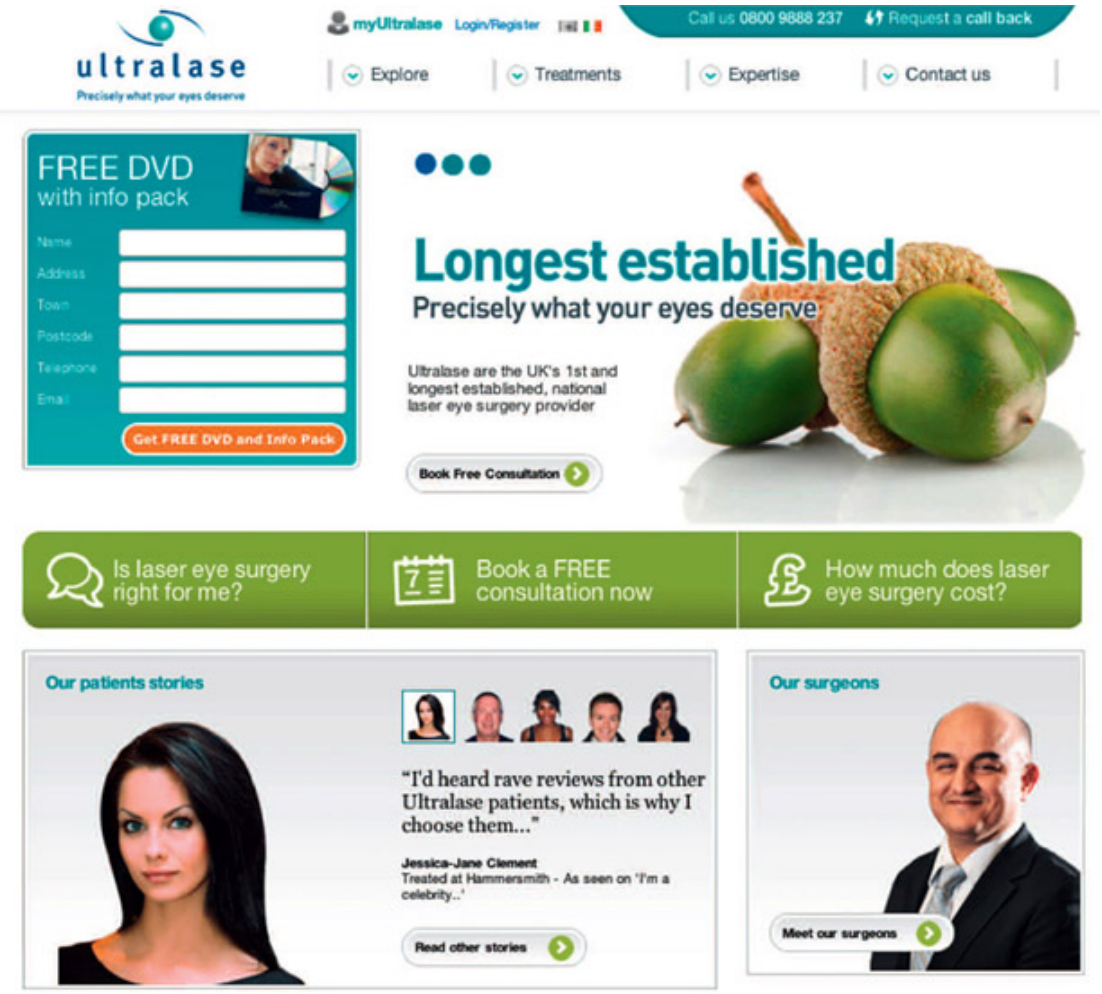


Figure 1.8 Ultralase

Source: www.ultralase.com

1.7 Objective – sell – using the Internet as a sales tool

Just about anything can be sold online, the Internet has a greater impact on some industries than others, particularly packaged goods sold via retailers, education, entertainment and advisory services – many of which can be digitized and delivered down the line.

Companies must be able to sell or transact online to meet these customers' new online needs. A key objective to set is the *direct online revenue contribution* for different products and different markets. This defines the proportion of sales transactions completed online. For example, a bank might try to achieve 15 per cent of its insurance sales online in the UK.

But remember that many other products and services are partly bought online. Shoppers browse online, collecting information, prices and special offers before visiting stores and showrooms or picking up the phone to negotiate better deals. So *mixed-mode or multichannel selling* is a must! Organizations have to support customers who want to be able to buy both online and offline. Therefore it is essential to accommodate those who want to buy online and those who just want to browse. For example, BMW find that approximately half of their test drives are generated from their web site.

Digital Marketing Insight

Understanding multichannel customer behaviour using ROPO

Some commentators have coined the term ROPO, standing for 'Research Online Purchase Offline', although Research Offline Purchase Online is another behaviour which can also be important as customers use their smartphones to scan online prices in-store. Figure 1.9 gives a useful matrix for summarizing these behaviours. This study reviewed the role of the Internet in the decision process for mobile and broadband contracts involving the Vodafone web site and stores in Germany, based on a panel of 16,000 web users and questionnaires about their intent and purchase. For both of these services, the contract was signed online by around a third of the audience. However, a significant proportion signed the contract offline.

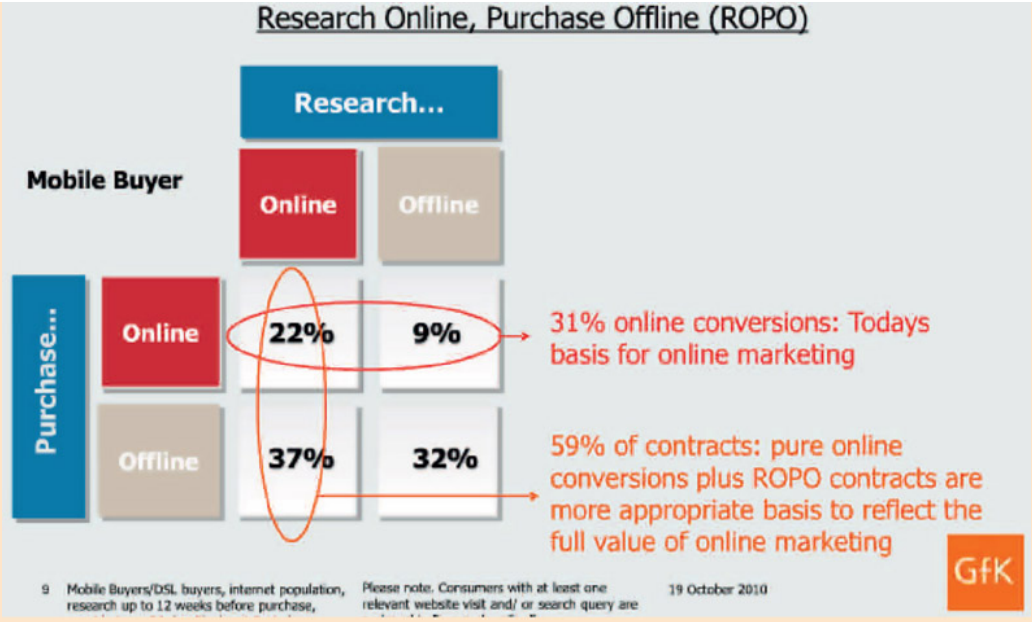

Research Online, Purchase Offline (ROPO)
Research...
Mobile Buyer
Online
Offline
Purchase...
Online
Offline
22%
9%
37%
32%
31% online conversions: Todays basis for online marketing
59% of contracts: pure online conversions plus ROPO contracts are more appropriate basis to reflect the full value of online marketing
GfK
9 Mobile Buyers/DSL buyers, internet population, research up to 12 weeks before purchase,
Please note. Consumers with at least one relevant website visit and/ or search query are
19 October 2010

Figure 1.9 ROPO matrix showing main cross-channel customer behaviours

Source: Google (2010)

'Clicks-and-mortar' organizations offer customers the reassurance of a real presence (building/mortar) along with the easy accessibility of the Internet. So another objective to set is the *indirect online revenue contribution* – the proportion of sales that are influenced by digital communications. Ultralase will have objectives for the number of leads generated from the web site, either directly or by phone. A similar objective is the *reach* of the web site within its target audience. Ultralase will be able to work back to assess the number and the cost of leads generated by different channels, such as paid search and display advertising.

Digital Marketing Insight

Tagging value events to assess the influence of a web site and digital channels on sales

The key types of outcomes or 'value events' that will be useful for a business, such as enquiries or sales on a site, should be defined. These value events are particularly important for a business-to-business vendor, or a consumer brand with non-transactional sites which don't sell products online. Pages on which these value events occur can be tagged through web analytics systems. For example, the free tool Google Analytics (www.google.com/analytics) allows you to set up 'conversion goals' by indicating which page(s) are valuable, and you can then attribute a dollar value to each; e.g. US$1 for a newsletter sign-up.

Typical value events include:

- Sale (by tagging a sales confirmation page)
- Lead (by tagging an enquiry or document download form)
- Newsletter registration (tagged confirmation page)
- Searches (tagging a search results page)
- Product page views (tagging product pages)
- Product document downloads (tagging document download pages).

Don't forget offline value events such as sales generated by phone numbers. You should aim to track these through using unique phone numbers, perhaps for different parts of the site.

Going back to the BMW example, why not take it to the next level and offer the web visitor who wants a real test drive delivery of the vehicle for the weekend? Assuming that the visitor is screened and fits the ideal profile and suitable insurance is taken out, wouldn't this close the sales cycle and accelerate mixed-mode selling?

The real crunch may come when businesses realize the power of the Internet's potential for distribution – extending the availability of many products and services without physically having to display a product. Take

EDF Energy's London Eye, for example. The service could be extended and distributed to a much wider audience than London's immediate tourist market. Anyone around the world could log on to a live web cam (camera) and take the 30-minute virtual ride to enjoy stunning views at night or by day. This service could be revenue generating while promoting tourism simultaneously. Equally, the Louvre, the Pyramids and many more attractions can now extend their distribution of both the point of purchase (i.e. buying a ticket) and the point of consumption (enjoy the view from your home). Sales and distribution opportunities abound.

So online sales will continue to grow. But there are other additional benefits of, or objectives for, digital marketing including serving, speaking, saving and sizzling. You can explore each of these at your leisure.

Selling What to Whom

There is a tendency, when setting online sales objectives, to use a low-risk approach of selling existing products into existing markets. This is the market penetration approach shown in Figure 1.10, which you may recognize as the Ansoff matrix – used by marketers for over 40 years to determine strategic priorities. We will see in later chapters that objectives should also be set for selling new digital products into new markets as appropriate.

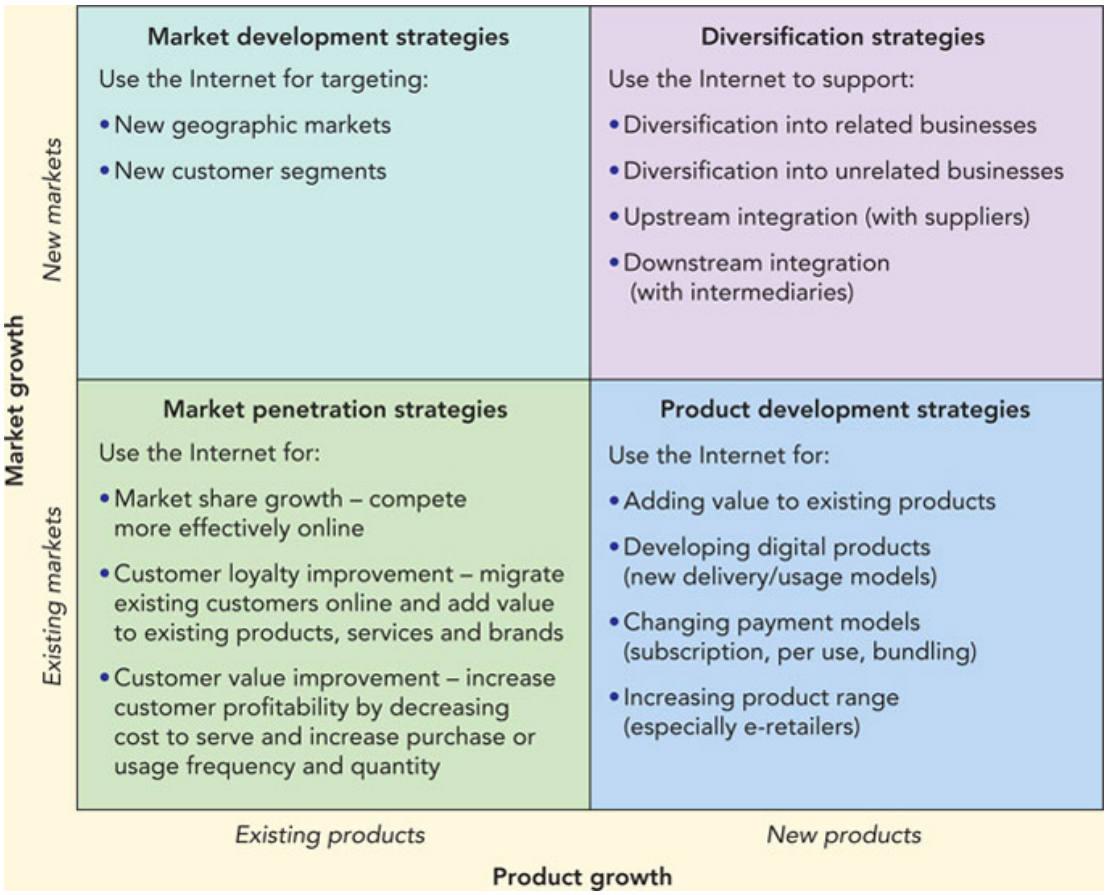

Market development strategies
Use the Internet for targeting:
• New geographic markets
• New customer segments
Diversification strategies
Use the Internet to support:
• Diversification into related businesses
• Diversification into unrelated businesses
• Upstream integration (with suppliers)
• Downstream integration (with intermediaries)
Market penetration strategies
Use the Internet for:
• Market share growth – compete more effectively online
• Customer loyalty improvement – migrate existing customers online and add value to existing products, services and brands
• Customer value improvement – increase customer profitability by decreasing cost to serve and increase purchase or usage frequency and quantity
Product development strategies
Use the Internet for:
• Adding value to existing products
• Developing digital products (new delivery/usage models)
• Changing payment models (subscription, per use, bundling)
• Increasing product range (especially e-retailers)
New markets
Existing markets
Market growth
Existing products
New products
Product growth

Figure 1.10 Online opportunities for product and market innovation

Digital Marketing Excellence

EasyJet sells

EasyJet was founded by Stelios Haji-Ioannou, the son of a Greek shipping tycoon, who reputedly used to 'hate the Internet'. In the mid-1990s, Haji-Ioannou reportedly denounced the Internet as something 'for nerds' and swore that it wouldn't do anything for his business. However, he decided to experiment with a prototype site, and sat up and took notice when sales started to flow from the site. Based on early successes, easyJet decided to invest in the new channel and proactively

convert customers to using it. To help achieve this, they set an initial target of 30 per cent of seats by the year 2000. By August 2000, the site accounted for 38 per cent of ticket sales and by 2001, for over 90 per cent of seats. By 2007, phone sales were down to just single digit percentages, but significant enough for the phone channel to be retained. Of course, this success is based on the relative ease of converting direct phone-sale customers to online customers.

Section Summary 1.7

Objective – sell

The clearest benefit of digital marketing is the capability to sell from an online presence. Although this may not be practical for all products, an online presence is still important in supporting the buying decision leading to sales through traditional channels. You should use your web analytics system to tag different types of value event web pages which indicate that your goals are being achieved. An online presence also offers opportunities to sell into new markets and reach particular segments.

1.8 Objective – serve – using the Internet as a customer-service tool

Another digital marketing objective is serving or adding value. How can a web site help customers improve their experience or add value to their experience? Take newspapers. Newspapers can allow readers to create their own newspapers through personalization. They are no longer constrained by

publication times, but can be accessed at any time. Their readers can set up alerts to be notified by email as soon as an event breaks.

Ultralase provides a range of information to serve its audience and answer their questions as shown in Figure 1.8. This includes a suitability checker, an online forum, a Q&A service, an information pack on a DVD and, of course, an appointment booker.

Another example: for customers who like their wines, the Marks & Spencer web site tests its visitors' knowledge of labels and grapes. And if, having chosen a wine, you're unsure of what to eat, Ragu's web site offers free recipes (and encourages visitors to send the recipe to a friend).

If, after dinner, you're not sure which toothpaste to use, visit the Mentadent web site where visitors can get samples of toothpaste and free oral care advice. Visitors can even email questions to a resident dentist.

Social media give new and important customer service channels. Yet research has shown that many companies ignore comments by customers made on their Facebook pages or through the @ symbol in Twitter. Savvy companies like Dell review all negative and positive brand mentions using social listening tool Radian6 and then respond accordingly. Others use specialist tools such as Get Satisfaction, Kampyle or UserVoice to get responses (see http://bit.ly/smartlistening for examples).

Digital Marketing Excellence

Assessing online customer engagement

How effectively you serve and speak to your online audience is indicated by measures of online customer engagement, an important concept we will refer to throughout *Digital Marketing Excellence*. You

should assess customer engagement both for web site visitors and email subscribers and break it down by different online segments such as different audience types and visitors referred from different sources such as search engines or online ads.

You should assess online customer engagement using the checklist shown in Table 1.3.

Table 1.3 Measures of online customer engagement

	Engagement metric	Engagement tactic
1	**% of non-home page entry visits:**	**Use run-of-site OVP messages:**
	Your home page isn't necessarily the most important page on your site. People might arrive on other pages so make sure your messages are distributed throughout the site.	Use promotional messages across the site that explain the essence of your offer (not just on the home page).
2	**Bounce rate:**	**Use a run-of-site sign-up:**
	The percentage of visitors who enter a site or page and leave immediately.	Place value-based messages and calls-to-action prominently throughout your site. For example, many retailers use pop-ups to encourage opt-in with a discount offer on first purchase.
3	**Duration:**	**Use heatmaps or overlays to assess engagement:**
	Duration on site, or better, pages per visit.	Tools like Google Analytics show what people click on and how soon. Helps you refine the clarity of your messages and calls-to-action.

	Engagement metric	Engagement tactic
4	**Marketing outcomes:**	**Get your scent right:**
	Assign values to outcomes/events and use them to assess the success rate; e.g. newsletter sign-up, 2 points; register CV, 5 points, etc.	Experiment with design or language variations in hyperlinks and images to see what is attractive to visitors. For example, Dell have menu options to appeal to different sizes of business.
5	**Micro or step conversion rates:**	**Interactive sales advisers:**
	Assess the effectiveness of your site and drop-off at every stage of the customer acquisition-to-conversion lifecycle.	Replicate the steps you would use in a physical sales situation, considering types of questions asked, etc., and tailor responses to visitors accordingly. If a visitor dwells on a page offer for a long time encourage them to enter a chat session.
6	**Brand search-term strength:**	**Generate awareness:**
	Assess the number of people searching on your brand name or URL through time to assess how powerful your brand is in attracting new and repeat visitors.	This could be through above-the-line advertising online or offline or sponsorships, for example, to generate awareness. But previous visitors and customers will also search on your brand if they have had a favourable experience.
7	**Email activity level:**	**Refined touch strategy:**
	Use email communication for on-going engagement with customers. Check levels of activity and response.	Develop a strategy that looks at message type, triggers, outcomes required, the right medium for messages and the right sequence, etc.
8	**Define activity levels or hurdle rates (for different activities):**	**Personalize by activity or lifecycle of content in web or email pods:**

	Engagement metric	Engagement tactic
	Set metrics to review different types of user activity; e.g. number of new users in last 60 days, number of active or dormant users, etc.	Offer users different messages depending on their status; i.e. message for new visitors will differ from message to regular, registered users.
9	**Emotional response:**	**Multivariate testing:**
	Conduct benchmarking research with users to assess their emotional responses to aspects such as look and feel, design, messaging, etc.	Test different permutations of buttons, messaging, etc., to see what the highest uplift is.
10	**Outcomes:**	**Use secondary navigation to highlight next steps:**
	Beyond the use of analytics tools, play programmes to find out what people think, including aspects such as relevance, believability and likeability, etc.	Use a combination of images and text for menus to invite users to do something else on your site.

Serving the B2B Audience

Examples of excellent added value online can also be found in B2B markets. Companies like FedEx, GE and Dell add value through their web sites all the time. They also build switching costs as customers become more and more locked into their excellent services.

Take GE Power Systems – they have created a web-based tool called a 'turbine optimizer' which enables operators of any GE turbine to measure and improve their machine's efficiency by comparing its performance against any similar turbines anywhere in the world.

Dell adds value by integrating its web help system into a customer's own Enterprise Resource Planning (ERP) system as Dell Premier, a corporate B2B sub-brand. This means that when a customer orders online from Dell, this triggers both Dell's system and the customer's own system simultaneously, which in turn updates both systems as to orders, approvals, budgets, stock, etc. This also makes switching suppliers more difficult.

Intel adds value by sharing relevant information with its customers. The company tracks its stocks (inventories) second by second and makes this information available to its customers. Customers return the favour with information about their own stocks.

A web site's main purpose is to help customers (and other stakeholders such as suppliers and distributors). The big question to ask is: 'How can my web site help my customers? How can I add extra value?' The search for new ways to add value is continuous.

Added value, extra service, call it what you want, becomes part of the product or service. Web sites can become part of a product or service. Do you agree?

Digital Marketing Insight

Patricia Seybold on adding value to B2B services

Seybold (1999) defines eight success factors to achieve digital marketing. Two of these refer to adding value and they still ring true today. She says:

- 'Let customers help them selves.' This 'customer self-service' can be enquiring about delivery of a product or obtaining after-sales support.

- 'Help customers do their jobs.' Give content about best practice to help professionals complete their day-to-day work and develop their professional careers.

Digital Marketing Excellence

EasyJet serves

When easyJet customers have a query, the easyJet contact strategy is to minimize voice calls through providing carefully structured frequently asked questions (FAQs) and email forms.

Section Summary 1.8

Objective – serve

A web presence can be used to add value for customers at different stages of the buying process, whether pre-sales, during the sale or post-sales support.

1.9 Objective – speak – using the Internet as a communications tool

A web site and 'outposts' on social media and other partner sites are powerful new communications channels to increase awareness, build brand, shape customer opinion and communicate special offers. While marketing investment to increase awareness used to focus on paid media with

additional PR activity, new categories of owned and earned media have become more important.

Today's main types of media are:

1. *Paid media.* Paid or bought media are media where there is investment to pay for visitors, reach or conversions through search, display ad networks or affiliate marketing. Offline traditional media like print and TV advertising and direct mail remain important, accounting for the majority of paid media spend.
2. *Earned media.* Traditionally, earned media has been the name given to publicity generated through PR invested in targeting influencers to increase awareness about a brand. Earned media also includes word of mouth that can be stimulated through viral and social media marketing and includes conversations in social networks, blogs and other communities. It's useful to think of earned media as developed through different types of partners such as publishers, bloggers and other influencers including customer advocates. Think of earned media as different forms of conversations occurring both online and offline; these still all require investment.
3. *Owned media.* This is media owned by the brand. Online, this includes a company's own web sites, blogs, mobile apps or their social presence on Facebook, LinkedIn, Google+, Twitter or YouTube. Offline-owned media may include brochures or retail stores.

Many brands haven't adjusted their way of thinking about speaking to their audience. Use the framework shown in Figure 1.11 for reviewing the balance in companies in which you're involved.

The Digital Marketing Excellence box 'EasyJet speaks – using the web as a PR tool' (below) illustrates some approaches. As well as speaking to customers, the Internet provides a tool to listen to customers – to get closer to them. In the last 100 years, marketers have gotten worse at knowing customers. Your web presence gives great opportunities to get feedback from

customers on your brand and communications using the tools we have listed at http://bit.ly/smartlistening.

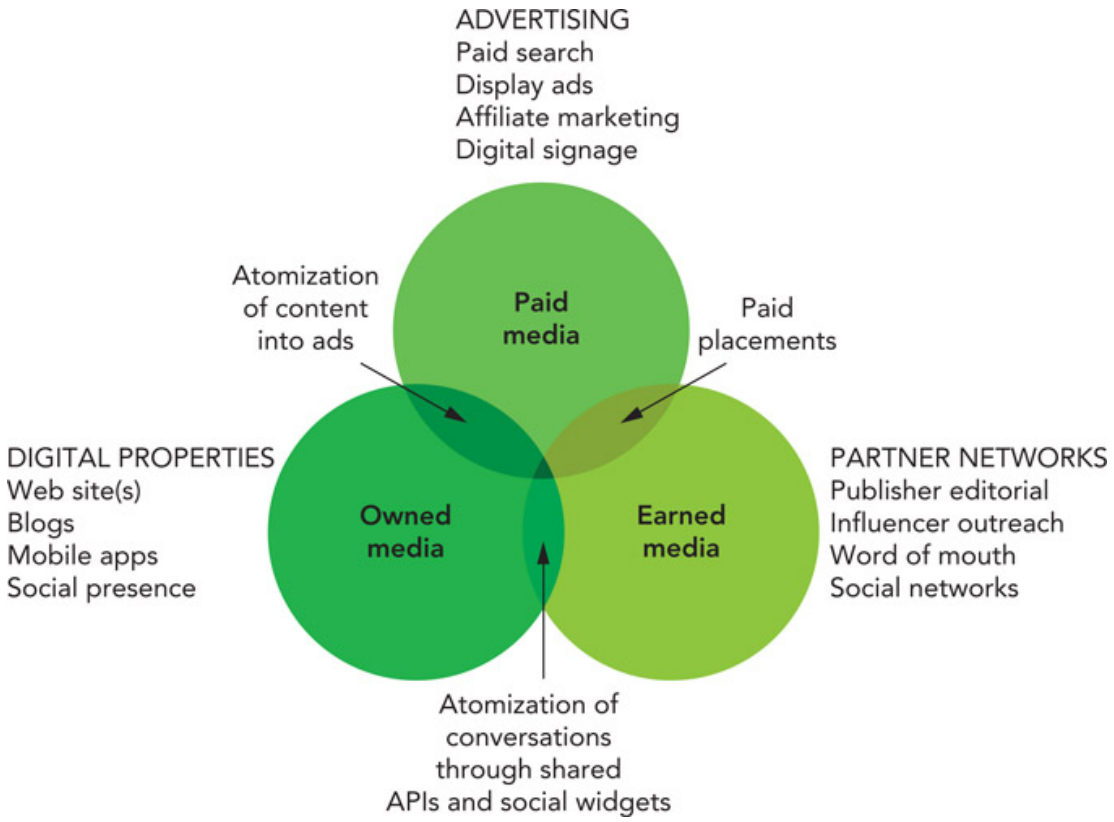


Figure 1.11 Categories of media: paid, owned and earned

From Outbound to Inbound Marketing

Traditional media are predominantly *push media* where the marketing message is broadcast from company *to* customer and other stakeholders. During this process, there is limited interaction with the customer, although interaction is encouraged in some cases, such as the direct-response advert or mail-order campaign.

In digital media it is often the customer who initiates contact with a brand and who is *seeking* information or an experience through visiting a web site or company outpost. In other words, it is a *pull* mechanism where it is

particularly important to have good visibility in search engines when customers are entering search terms relevant to a company's products or services. Amongst marketing professionals this powerful new approach to marketing is now commonly known as *inbound marketing* (Shah and Halligan, 2009). Inbound marketing is powerful since advertising wastage is reduced. Content and search marketing can be used to target prospects with a defined need – they are proactive and self-selecting. But this is a weakness since marketers may have less control than in traditional communications where the message is pushed out to a defined audience and can help generate awareness and demand.

How Content Marketing Drives Conversations

Success in today's permission marketing requires exceptional, compelling content. To emphasize the importance of content marketing to gaining permission, encouraging sharing and ongoing engagement through web sites and social media, the concepts of *content marketing* and content strategy have developed to describe best practice approaches. By content we refer to the combination of static content forming web pages, but also dynamic rich media content that encourages interaction. Videos, podcasts, user-generated content and interactive product selectors should also be considered as content which should be refined to engage site visitors.

You can see the challenge that content strategy presents since there are so many different types of content delivered in different forms to different places on different access platforms, yet it is increasingly important to engage customers in social media. These elements of content marketing need to be planned and managed:

1. *Content engagement value.* Which types of content will engage the audience – is it simple product or services information, a guide to buying product(s), or a game to engage your audience?

2 *Content media.* These include plain text, rich media such as Flash or Rich Internet applications or mobile apps, audio (podcasts) and hosted and streamed video. Even plain text offers different format options, from HTML text to e-book formats and PDFs.
3 *Content syndication.* Content can be syndicated to different types of partner sites through feeds, *APIs*, microformats or direct submission by email. Content can be embedded in sites through widgets displaying information delivered by a feed.
4 *Content participation.* Effective content today is not simply delivered for static consumption; it should enable commenting, ratings and reviews. These also need to be monitored and managed both in the original location and where they are discussed elsewhere.
5 *Content access platforms.* These include different digital access platforms such as desktops and laptops of different screen resolution and mobile devices. Paper is also a content access platform for print media.

The infographic in Figure 1.12 shows an overall process for inbound marketing integrating inbound and content marketing.

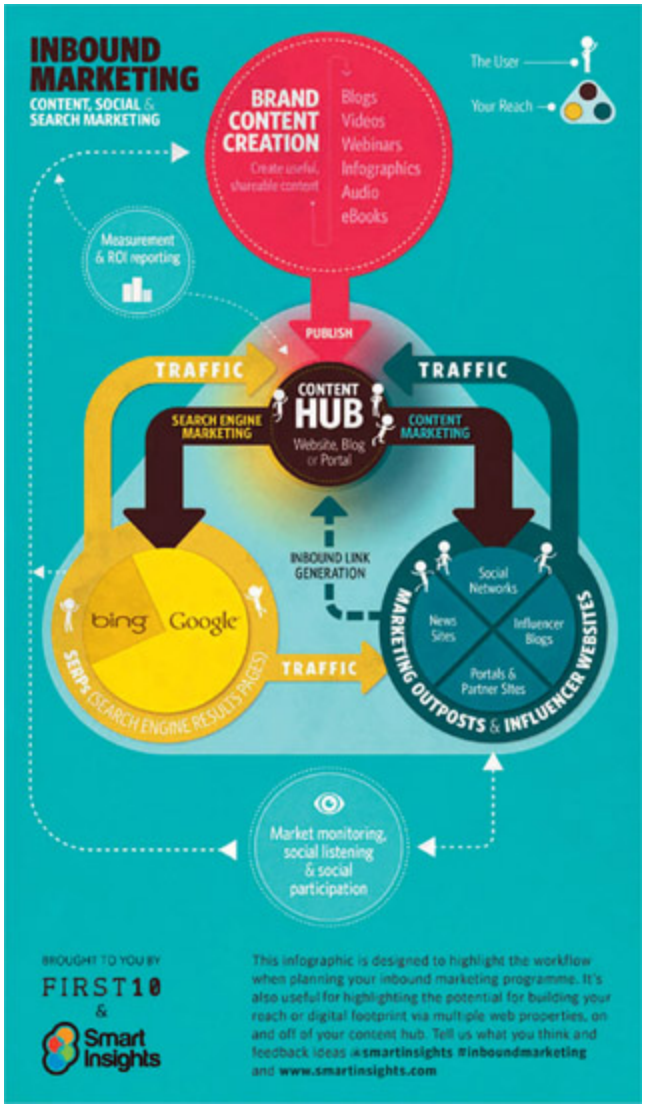
Using digital media channels to speak with your audiences on other sites

Online marketers have a fantastic range of communications tools that they can use to speak to their audience when they are not on their site, and to encourage them to visit the site. In Chapter 7, we review the six main options for traffic building (shown in Figure 7.2) and discuss how to make the right media investment decisions. For now, we will just introduce these key digital media channels.

1 *Search engine marketing* (SEM). Placing messages on a search engine, encouraging click-through to a web site when the user types a specific

keyword phrase. The two main disciplines are search engine optimization (SEO) to boost a company's position in the natural search listings and paid search marketing which uses sponsored ads, typically on a Pay Per Click (PPC) basis.

Search marketing is great for targeting audiences at the moment of intent. It can help create a level playing field where small companies can be listed alongside well-known brands to increase awareness of them and drive response. That's if the small companies can get SEO right or afford to compete in paid search marketing.



gure 1.12 Inbound marketing infographic

urce: First10 (2012)

2 *Online PR*. Maximizing favourable mentions of your company, brands, products or web sites on a range of third-party web sites such as media sites, social networks and blogs, which are likely to be visited by your target audience.

Online PR, also described as influencer outreach or content distribution which is part of content marketing, can offer a low-cost route to increase awareness of your brand. It can also help attract visitors and increase *backlinks* to a site, which as we will see in Chapter 7, is useful for SEO.

3 *Online partnerships*. Creating and managing long-term arrangements to promote your online services on third-party web site or email communications. Different forms of partnership include link building, affiliate marketing, online sponsorship and co-branding.

Smart online marketers realize the value of partnerships in extending their reach into their audiences via other sites.

4 *Interactive advertising*. Use of online display ads, such as banners, skyscrapers and rich media ads, to achieve brand awareness and encourage clickthrough to a target site.

5 *Opt-in email*. Renting opt-in email lists, placing ads in third-party e-newsletters, making deals with third parties for co-registration or co-branding of emails, or building your own in-house email list and sending e-newsletters or email campaigns.

The main aim of email marketing for acquisition is to generate awareness of brands or offerings or direct response to achieve registration or leads.

6 *Social media marketing*. Social media marketing can and should integrate with all of these other communications approaches. Social media helps amplify a message through comments and sharing of social networks, viral marketing or word-of-mouth marketing.

As we have said, your site also needs to speak with, not speak at, your audience. The database behind the web site is a warehouse full of valuable information about customers and their patterns of purchasing, responses to promotions and much more. *Data mining* the *data warehouse* can reveal intriguing insights into buyer behaviour.

Combine the database with *collaborative filtering* (or rules such as 'if buy product "A", then likely to want product "C"') and the e-marketer has a very powerful weapon – the dynamic dialogue about relevant products.

Speak to customers, monitor their purchases, suggest other relevant products and all in a helpful, non-intrusive manner. If your local delicatessen remembers your name and asks if you'd like to try some particular pâté because they remember you bought a particular type of cheese last time, then you welcome this dialogue. The same applies here, except that this can be automated. This helps to create a dynamic dialogue with the customer.

Digital Marketing Excellence

EasyJet speaks – using the web as a PR tool

EasyJet is active in using the web as a PR tool. Here are some examples:

- EasyJet jets were emblazoned with oversize 'www.easyJet.com' logos.
- EasyJet ran a competition to guess the losses of rival airline Go and received 65,000 entries and also enhanced press coverage.

- Owner Stelios Haji-Ioannou has a personal views page, 'Message from Stelios'.
- Standard press-release pages are regularly updated.

Section Summary 1.9

Objective – speak

One of the many benefits of digital marketing is getting close to customers again – speaking to them. You can explore the other benefits (selling, serving, saving and sizzling) now or later.

1.10 Objective – save – using the Internet for cost reduction

Another digital marketing objective is 'saving'. This is what will catch the financial director's ear together with 'sell', since the two together increase profitability – saving money, time and effort. Savings emerge in digital media channels, customer service, transactional costs and, of course, print and distribution.

Good systems help customers to service themselves. This obviously saves money, and, if done in a simple, speedy and efficient manner, increases customer satisfaction.

FedEx estimated that it saves between US$2 and US$5 when they service customers via the web site rather than over the phone. This saves many millions of dollars per annum. Similarly, Dell showed that it saved between

US$5 and US$10 per customer which adds up to many millions. Cisco saves hundreds of millions of dollars every year now through its web-based customer services.

Other estimates suggest that there are huge savings in transactional costs when they are completed online. For example, the cost of an over-the-counter transaction in a bank is over US$1 compared to 1 cent when completed online.

Ultralase saves money in a range of ways – first by using the most cost-effective digital media channels such as affiliates and paid search which are Pay Per Performance media. Then it uses its site to qualify visitors; since visitors can self-serve, that means fewer inbound phone calls to manage and phone conversations can focus on the customers who need or prefer this type of service. It also saves money through sending emails rather than post (remember right touching).

In addition to the efficiency gains of e-systems, many businesses negotiate better deals online (from suppliers anywhere in the world). These businesses can also enjoy new economies of scale from the higher purchasing power emerging from the new online purchasing alliances like GM and Ford, mentioned in Section 1.3.

Other savings are found in print and distribution. Annual reports, sales literature, user manuals and much more can be stored and distributed electronically – saving storage space, paper, trees, fuel (transport) and, of course, money and time.

Some companies find other savings by using the Internet for cheaper phone calls. Other companies find savings by soliciting cost-saving ideas from their employees, customers and even general visitors to their web sites.

Other companies find that their web operations not only save money, but also generate extra revenues through banner advertising. Busy sites attract

traffic. Advertisers need audiences, so some sites allow advertisers to advertise on their web sites, for a price.

Introducing allowable Cost Per Acquisition (CPA)

Cost Per Acquisition (CPA) is crucial in controlling media and is often used to control the level of bids. For example, to control online advertising or paid search marketing, it is vital that you calculate and define a target or *allowable cost per acquisition* for different types of product.

Your actual CPA will be dependent on a combination of conversion rate and Cost Per Click.

> Cost Per Acquisition (CPA) = (100/site conversion rate) × Cost Per Click

This can be simplified to:

> Cost Per Acquisition (CPA) = Cost Per Click/conversion rate

For example, CPA is £40, with a CPC of £2 and a conversion rate of 5 per cent. To set target goals for allowable CPA depends on the value delivered by the customer acquisition across their lifetime; i.e. we also need to factor in the revenue generated from an individual product sale, total basket size or predicted lifetime value, typically over a five-year period.

A final note on CPA is that you need to take into account telephone sales influenced by the web site and the contribution that the media channel makes to developing brand awareness, familiarity and favourability. For example, display advertising may not be justified in terms of CPA alone, but it may support sales through other digital channels such as paid search.

EasyJet saves on call-centre expansion

The Internet is important to easyJet since it helps to reduce running costs, important for a company where each passenger generates a small profit. Part of the decision to increase the use of the Internet for sales was to save on the building of a £10 million contact centre which would have been necessary to sustain sales growth if the Internet was not used as a sales channel.

As an example, a 1999 sales promotion offered 50,000 seats to readers of *The Times*. The scalability of the Internet helped to deal with demand since everyone was directed to the web site rather than the company needing to employ an extra 250 telephone operators.

Section Summary 1.10

Objective – save

So digital marketing saves money in many different ways. Of all the benefits of digital marketing (selling, serving, speaking, saving and sizzling), saving is the one that will help to present any business case, as the financial fraternity relate to savings very quickly. The other benefits of digital marketing (selling, serving, speaking and sizzling) will strengthen your business case.

1.11 Objective – sizzle – using the Internet as a brand-building tool

The Internet offers new opportunities to build and strengthen the brand – to add some 'sizzle' to the brand. To add extra value (or 'added value'), extend the experience and enhance the image. Ask yourself, 'What experience could a web site deliver that would be truly unique and representative of the brand?' A newspaper that allows you to build your own newspaper and have it delivered electronically as an app; or a car manufacturer that allows you to build your own car; or a camera company that allows you to learn how to use its cameras by simulating taking photographs with different settings and allowing you to compare and contrast the results (and also gives you tips on how to maintain your camera and protect your films and photos, and invites you to send your best photos in to a competition). A travel company that gives you a 'virtual friend' – after you tell them what your interests are (via an online questionnaire), the 'friend' suggests ideas for things you would like to do in the cities you choose to explore. Cosmetics companies offer online games, screensavers, viral emails, video clips and soundtracks to enhance the online brand experience. This extra sizzle can enhance the brand in a way that can only be done online.

Drinks brand Bacardi (www.bacardi.com) sizzles online by maintaining the club scene atmosphere with their OVP including a pulsating beat, BAT radio, video clips and cocktail recipes, although delivered through a Flash rich media application – search engine optimization doesn't matter too much to them since the brand is so strong!

Brands are important as they build trust, recognition and, believe it or not, relationships between the buyer and the supplier. Sometimes brand imagery and perceptions is the only real differentiator between products.

The brand is affected by both reality and perception: the *reality* of the actual experience enjoyed (or suffered) when using the brand; the *perception*, or image, associated with the particular product. In addition to the real experience, these perceptions are built through advertising, sales promotions, direct mail, editorial exposure (PR), exhibitions, telesales,

packaging, point of sale, web sites and the most potent communications tool, word of mouth.

All of these communications tools work both online and offline; for example, banner ads, incentives, offers and promotions. *Opt-in email* remains a powerful tool for customer communications.

And packaging and point of sale are still required in the online world as some sites recreate the shopping mall experience. As the visitor selects stores and aisles, packaging and point-of-sale skills are still required.

These all contribute to the brand, as does the experience – the quality of the experience, both online and offline. Remember that sloppy web sites damage the brand. Slow email responses damage the brand. Non-responses can kill it.

There is no doubt that digital marketing can help to build the brand. Many analysts see digital marketing as a way to build both the brand image and the overall company value – yet another benefit of digital marketing. You can see the other benefits or objectives of digital marketing – adding value, getting closer to customers, selling and saving, whenever you need to build your business case.

Ultralase (see Figure 1.8 above) has worked hard at developing its content and online services so that it now offers much more than a brochure site, with detailed technical information, a forum and a Q&A service.

Section Summary 1.11

Objective – sizzle

Objectives should also consider how to enhance a brand by adding value online. This can include adding to the experience of the brand through interactive facilities. Protecting the brand through achieving trust about security and confidentiality is also important.

1.12 Introduction to digital marketing strategy and objectives

Strategy summarizes how you achieve your objectives. Strategy is influenced by both the prioritization of objectives (Sell, Serve, Speak, Save and Sizzle) and, of course, the amount of resources available.

You should think of digital marketing strategy as a channel strategy where electronic channels and digital media support other communications and distribution channels. It requires clear prioritization as to how the channel should be used. Your digital marketing strategy should identify target markets, positioning, OVP, the choice of mix of digital media channels to acquire new customers, and contact strategies to welcome and develop existing customers.

Digital channel strategies are most effective when they are creating differential value for all parties to a transaction compared to other channels. But digital channels do not exist in isolation, so we still need to manage channel integration and acknowledge that the adoption of e-channels will not be appropriate for all products or services or generate sufficient value for all partners.

Key elements of an e-channel strategy, which we explore in more detail in Chapter 10, are:

1 It delivers against the goals that we have set through the 5Ss.

2 It defines and communicates the specific benefits as to why customers should use the e-channel, which we refer to throughout this book as the *online value proposition (OVP)*. For B2B office supplier Euroffice (see Figure 1.6 above), the OVP centres on the next-day delivery, price guarantee and the rewards programme which are promoted prominently on their site. For Ultralase (see Figure 1.8 above), the OVP is the services and content available to help visitors decide on the best treatment and supplier.

3 It prioritizes audiences for whom e-channel adoption is most appropriate. Online services will not be equally effective for all customer segments, so decide which you will target. Ultralase needs to serve both fast customer leads where customers decide to enquire relatively quickly, and more considered leads where the customer does a lot of research before deciding to ask for further information.

4 It prioritizes products sold or purchased through the e-channel. Some will be more appropriate than others.

5 It specifies the mix of digital media channels used to acquire new customers and balances this against targets of sales revenues and profitability. This will be constrained by the objective of cost of customer acquisition. So, e-channel strategy guides the choice of target markets, positioning and propositions, which in turn guide the optimum marketing mix, sequence of e-tools (such as web sites, opt-in email, e-sponsorship, viral marketing), service level and evolutionary stage.

E-strategy also affects the traditional marketing mix as the *product* can be extended online, the *place* of purchase can be expanded, not to mention web *price* transparency, online *promotions* and the *people* who service the web site enquiries, the automated *processes* and the importance of having a professional presence or *physical evidence*. The remix required for digital marketing is examined in Chapter 2.

Linking Strategy to Objectives

One essential part of e-strategy is the development of the dynamic dialogue and the eventual full use of the integrated database potential. Regardless of how the customer comes into contact, they must be dealt with as a recognizable individual with unique preferences. The fully integrated database is essential so that the customer's name, address and previous orders are recalled and used appropriately in email sequences and with web personalization. This requires careful planning, as described in Chapter 8.

So, to summarize, the components of e-strategy include:

- Crystal-clear objectives (what you want to achieve online)
- Target markets, positioning and propositions
- Optimum mix of tactical e-tools (web site, banner ads, etc.)
- Evolutionary stage (what stage you want to be at)
- Online marketing mix (particularly service levels)
- Dynamic dialogue (ongoing with the customer)
- Integrated database (recognize and remember each customer whether via web or telephone).

This is just a brief glimpse at digital marketing strategy. It is examined in more depth in Chapter 10.

Section Summary 1.12

Introduction to digital strategy objectives

Digital strategy must define a company's approach to achieving its digital marketing objectives. It should include the range of tactical digital tools and a revised marketing mix.

1.13 Tactics, action and control

Tactics are the details of strategy. Tactical digital tools include the web site landing pages, opt-in email incentives for inbound marketing, digital media channels such as paid search and programmatic advertising and sponsorship. Tactics require an understanding of what each digital marketing tool can and cannot do. Tactics may also involve where and how each tool is physically used, whether with a desktop or mobile landing page or via social media.

Each one is a mini project requiring careful planning and good project management skills combined with tactical 'nous' and creativity: What happens when the server goes down or a virus comes to town?

To help keep your tactics focused on customer-centric content marketing, we recommend the RACE Planning framework (Figure 1.13) as a way to reach and engage customers to meet business objectives. RACE Planning stands for:

- *Step 1 Plan.* It's all too easy to build a basic web site or a presence on a social network without a strategy, without thinking about how it will support your goals to build your brand. Planning involves working through the tried and trusted marketing fundamentals of customer research, segmentation, positioning and development of value propositions.
- *Step 2 Reach.* Reach means building awareness of a brand, its products and services on other web sites and in offline media in order to build traffic by driving visits to different web presences like your main site, microsites or social media sites.
- *Step 3 Act.* Act is about persuading site visitors or prospects to take the next step on their journey when they initially reach your site or social network presence. It may mean finding out more about a company or its products, searching to find a product or reading a blog post. It's

about engaging the audience through relevant, compelling content and clear navigation pathways so that they don't hit the back button. The *bounce rates* on many sites are greater than 50 per cent, so getting the audience to act or participate is a major challenge, which is why we have identified it separately.

- *Step 4 Convert*. Conversion is where the visitor commits to forming a relationship which will generate commercial value for the business. It's about delivering on marketing goals such as leads or sales on web presences online and offline.
- *Step 5 Engage*. Here we're building deeper customer relationships through time in order to achieve retention goals. Encouraging advocacy or recommendations through word of mouth is a key part of engagement.

But how do you know if it's going well? Performance is measured against the detailed targets. Time has to be made for a regular review of what's working and what's not. Good marketers have control over their destinies. They do not leave it to chance and hope for the best. They reduce risk by finding what works and what doesn't – so that e-tactics, or even the e-strategy can be changed if necessary.

Real marketers also want constantly to improve. Which tools are giving the best return on investment? Why? Other control mechanisms include measuring the number of hits, the number of unique visitors, the number of conversions (visitors that purchase or subscribe)

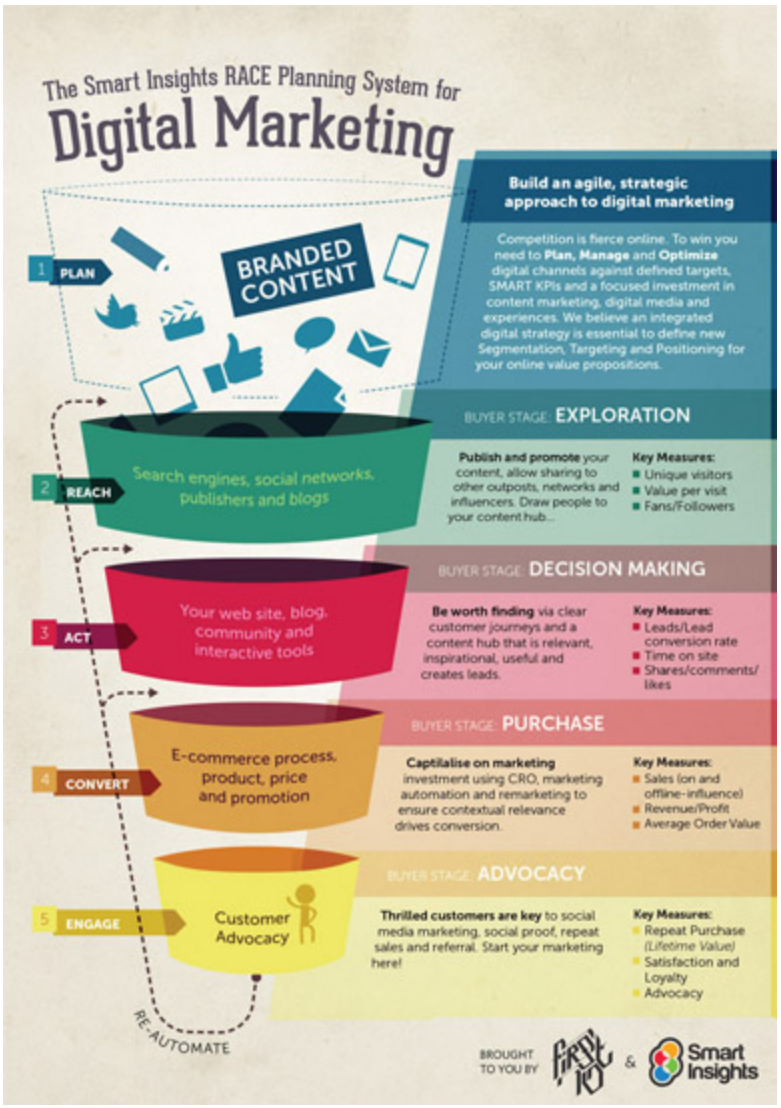

The Smart Insights RACE Planning System for
Digital Marketing
Build an agile, strategic approach to digital marketing
Competition is fierce online. To win you need to Plan, Manage and Optimize digital channels against defined targets, SMART KPIs and a focused investment in content marketing, digital media and experiences. We believe an integrated digital strategy is essential to define new Segmentation, Targeting and Positioning for your online value propositions.
1 PLAN
BRANDED CONTENT
BUYER STAGE: EXPLORATION
2 REACH
Search engines, social networks, publishers and blogs
Publish and promote your content, allow sharing to other outposts, networks and influencers. Draw people to your content hub...
Key Measures:
Unique visitors
Value per visit
Fans/Followers
BUYER STAGE: DECISION MAKING
3 ACT
Your web site, blog, community and interactive tools
Be worth finding via clear customer journeys and a content hub that is relevant, inspirational, useful and creates leads.
Key Measures:
Leads/Lead conversion rate
Time on site
Shares/comments/likes
BUYER STAGE: PURCHASE
4 CONVERT
E-commerce process, product, price and promotion
Captilalise on marketing investment using CRO, marketing automation and remarketing to ensure contextual relevance drives conversion.
Key Measures:
Sales (on and offline-influence)
Revenue/Profit
Average Order Value
BUYER STAGE: ADVOCACY
5 ENGAGE
Customer Advocacy
Thrilled customers are key to social media marketing, social proof, repeat sales and referral. Start your marketing here!
Key Measures:
Repeat Purchase (Lifetime Value)
Satisfaction and Loyalty
Advocacy
RE-AUTOMATE
BROUGHT TO YOU BY
&
Smart Insights

Figure 1.13 Using the Smart Insights RACE Planning framework to link business objectives to digital marketing tactics

and the churn rate (the number of people who ask to be taken off the subscription list or database).

Some companies ask managers to present 'Learnings' alongside their actual performance. 'Learnings' means anything they have learned from the marketplace during the last period. This forces a culture of constant improvement.

Finally, control also includes *competitive intelligence*, monitoring your competitors – what they're doing; what they're repeating; what works for them; what they're stopping.

Good marketers also have contingency plans or practise risk management. What happens if plan 'A' doesn't work? What happens if the competition cuts prices? Or worse still, what happens if the server goes down and your network crashes? Do you have a second server? Good marketers think things through.

Whither digital analytics?

Developing a good system of *digital analytics* (formerly *web analytics)* is vital for controlling your digital communications. Using digital analytics means applying tools like Google Analytics to help you check whether your objectives are being achieved; it should also be used for ongoing improvements. However, as we explain in Chapter 8, there are at least 30 categories of other insights tools known today as MarTech tools which enable process and insight across the whole customer lifecycle – these are shown in the visual at http://bit.ly/smartdigitaltools.

Digital analytics also provide tactical insights such as the opportunity of seeing what are the most popular pages (i.e. what's of interest to customers) and how long they spend on specific pages. Comparing enquiries (visitors) to sales (customers) reveals conversion ratios. How good are you at converting an enquiry into a sale or a sample? This ratio is important and should be watched carefully. High traffic (visitors) and low sales give a low *conversion ratio* and suggest that the web site needs to be improved, whereas low traffic and high sales give a high conversion ratio which suggests that the web site design is fine, but perhaps more resources need to be spent on generating traffic.

Web analytics, online feedback tools and questionnaires can work together. For example, the analytics system can reveal items or pages that are not popular. The feedback tools show why and what users are interested in. We'll discuss this more in Chapter 7.

So to conclude: digital marketing will continue to grow despite the vast array of sloppy sites and services. Winners will address these issues. Winners will plan strategically for both the evolutionary stages and the specific digital marketing objectives: Sell, Serve, Speak, Save and Sizzle.

Section Summary 1.13

Tactics, action and control

Tactics are the details of strategy. Tactical e-tools include the web site, opt-in email, banner ads, virtual exhibitions and sponsorship. Actions include project planning and implementation, while control involves assessing the results against objectives.

Chapter Summary

1. SOSTAC® is a planning framework suitable for digital marketing and can be used for developing all types of plans, including digital marketing plans. It stands for Situation analysis, Objectives, Strategy, Tactics, Actions and Control.
2. The connected world connects businesses to consumers using an ever-increasing range of platforms from smartphones to tablets to cars.
3. Digital marketers need to assess the particular relevance of B2C, B2B, C2B and C2C marketing to their organization.

4. Digital marketing and e-commerce are a subset of digital business that involve the automation of all business processes. Digital marketing can assist in all elements of marketing – providing new techniques to identify, anticipate and satisfy customer needs efficiently.
5. Sloppy digital marketing can arise from poorly defined objectives, lack of strategy or poor execution. Risk assessment can minimize the risks of this occurring.
6. Clear objectives are required for digital marketing in order that resources can be directed at achieving these objectives, and we can measure whether our targets are being achieved.
7. The first of the 5S objectives is 'Sell'; using the Internet as an additional sales channel to reach new and existing customers.
8. The second of the 5S objectives is 'Serve'; using the Internet for customer service and adding value. Value can be added using a range of techniques including 24/7 access to support information and online tools.
9. The third of the 5S objectives is 'Speak'; using the Internet as a communications tool for inbound, outbound and social communications integrated with other media. Developing a content marketing strategy is essential to fuel your inbound marketing.
10. The fourth of the 5S objectives is 'Save'; using the Internet to increase efficiency and so reduce costs.
11. The fifth of the 5S objectives is 'Sizzle'; using the Internet as a brand-building tool, by increasing brand awareness and enabling interaction with the brand. Your sizzle is communicated through your online value propositions (OVPs).
12. E-strategy entails defining approaches to achieve digital marketing objectives using a range of tactical e-tools and a revised marketing mix.
13. Tactics are the details of strategy. Tactical e-tools include the web site, opt-in email, banner ads, virtual exhibitions and sponsorship. The Smart Insights RACE Planning framework ensures that tactics are focused on business goals from Planning your strategy, Reaching your

audience, encouraging them to Act and Convert, and ongoing Engagement and advocacy.

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Web links

ClickZ (www.clickz.com) has articles and statistics on a wide range of digital marketing tactics.

Econsultancy (www.econsultancy.com). Detailed insights and events about digital marketing best practice.

Emarketer (www.emarketer.com). A compilation of research reports showing trends in Internet adoption and usage.

International Telecommunications Union (ITU) (www.itu.int/ti/industryoverview/index.htm). Choose Internet indicators. This presents data on Internet and PC penetration in over 200 countries.

Marketing Sherpa (www.marketingsherpa.com). Case studies and news about digital marketing.

Smart Insights (www.smartinsights.com). Covers all the latest developments and best practices in digital marketing to support this book. Edited by Dave Chaffey. See www.smartinsights.com/book-support for content relevant to the chapters of this book.

Page http://bit.ly/smartsources *is updated regularly to show the most useful sources for consumer and business adoption of digital devices.*

Self-test

1. Summarize each element of the SOSTAC® framework.
2. Describe how customers and companies are becoming interconnected.
3. Assess the potential for B2C, B2B, C2B and C2C interactions via your online presence.
4. Devise a diagram outlining the difference between e-business, digital marketing and e-commerce.
5. List your experiences of sloppy digital marketing.
6. Describe the need for objectives and the characteristics of suitable objectives.
7. Outline 'Sell' digital marketing objectives for your organization.
8. Outline 'Serve' digital marketing objectives for your organization.
9. Outline 'Speak' digital marketing objectives for your organization.
10. Outline 'Save' digital marketing objectives for your organization.
11. Outline 'Sizzle' digital marketing objectives for your organization.
12. Summarize e-strategies to achieve the objectives you have described in Questions 7 to 11.
13. Summarize the main tactical e-tools used by your organization in the context of the RACE Planning framework for the customer lifecycle and the concepts of content and inbound marketing.

Chapter 2
Remix

> A marketer is like a chef in a kitchen … a mixer of ingredients.
>
> *Bartels (1963)*

Overview

The digital world affects every aspect of business, every aspect of marketing and every aspect of the marketing mix. Some argue that physical distribution, selling and pricing absorb the biggest impact. In fact, all the elements of the marketing mix are affected by this new world. This chapter shows you exactly how to evaluate the options for varying your organization's marketing mix.

Overall Learning Outcome

By the end of this chapter, you will be able to:

- Understand the online implications of each element of the marketing mix
- Extend each element of the offline mix into the online world
- Begin to plan each element of the mix in an integrated online world.

CHAPTER TOPIC		LEARNING OUTCOME
2.1	Introduction	Identify the different elements of the marketing mix and where they fit into the e-marketing plan
2.2	What is the marketing mix?	Appreciate the many different approaches to the marketing mix
2.3	Beyond the mix	Identify the marketing skills required to take you beyond the mix
2.4	The mix is morphing	Assess the full potential of extending any product online
2.5	Product	The mix is morphing, particularly when social media merges product, place and promotions
2.6	Price	Review your pricing and consider some dynamic pricing models
2.7	Place	Identify the online distribution issues and challenges
2.8	Promotion	Discuss the problems and opportunities of the online communications mix
2.9	People	Analyze why online service requires a delicate balance of people and automation
2.10	Physical evidence	Identify the digital components that give 'evidence' to customers and check that your web site has them
2.11	Process	List the components of process and understand the need to integrate them into a system
2.12	An extra 'P' – partnerships	So much of marketing today is based on strategic partnerships, marketing marriages and alliances that we have added this 'P' in as a vital ingredient in the marketing mix

2.1 Introduction to remix

The *marketing mix* is a well-established conceptual framework that helps marketers to plan their approach to each market. At worst, it provides a checklist of decisions which marketers must make. At best, marketers integrate, or mix, these decisions together and allocate their resources accordingly. In this chapter we examine how the mix applies today. Digital developments affect every aspect of business, every aspect of marketing including the marketing mix. So do we have to throw out the old marketing mix or can it still be applied? Is a radical remix needed?

Some marketers feel that the traditional version of the mix is outdated. There are others who feel it still provides a useful starting point. Some argue that physical distribution, selling and pricing absorb the biggest impact from the Internet. However, the potential added value from digital is unlimited, if you think creatively (we'll explore examples later). In fact, all the elements of the mix are affected by digital.

The digital marketing mix is changing as products become services, services become customer-driven, and customers create communities that extend the brand into new online experiences. It's a new type of mix. While 'people', or staff, used to do all the customer service, now there are 'new people' (customers), who help each other in creating new customer experiences. These 'new people' are customers who help to generate new products, new promotional materials (including advertisements, reviews and ratings) and new customer services such as 'ask and answer services'.

Although an extra element of the mix is suggested at the end of the chapter, this chapter does not seek to create a new mix, but examines how the old mix naturally integrates into the fast-changing digital environment. Figure 2.1 (below) summarizes the main elements of the marketing mix and key issues of how the mix is changed in the digital environments that are explored in this chapter.

The overall balance of the marketing mix is strategic while the details of the mix are tactical. For example, deciding whether to discount prices and

expand distribution into mass markets is strategic. Tactical details include the pricing structures and prioritization of distribution options such as mass market retailers, wholesalers or direct to consumer.

Of course, a balanced mix itself is not enough to ensure success. Too many clever start-up companies and many existing companies do not have all of the facets required to run a business. To ensure that a business (or even just the new online aspects of a business) actually works (for the customer), you need to ensure first that there is a market, and second that you can supply it; i.e. that the basic business is fit for purpose and that the appropriate technology, product/service design, production process and marketing process, sales process, delivery process, cash-flow process and after-sales support process are all in place along with the *3Ms* resources – men (and women – the human resource), money (budgets) and minutes (time) – required to service it. All of this must be 100 per cent in place at the same time, because if any single element fails, then so too, the whole thing fails.

Customers don't care about an organization's facets or internal processes; they just want the right product/service to be available to them at the right time, in the right place and at the right price; i.e. a nicely balanced marketing mix. However, since the 4Ps (see Section 2.2 below) help the marketing of products, an extra three 'Ps' were required to help market services. And since almost all products are becoming services (as more added value services are added online), we need to add the remaining three service Ps, which include people, processes and physical evidence.

Figure 2.1 The 7Ps of the classic marketing mix

Customer Insight / Brand = Mix = Most Valuable Asset

Brand = the Marketing Mix.

Brand = CX (Customer Experience) = everything a customer experiences which, in turn, comes from all of the marketing mix.

Your brand is your most valuable asset. Brands are worth 90%+ of a business (it used to be only 20% in 1975).

Decades ago, a company's market value was nearly equivalent to its tangible assets – buildings, machinery, materials, financial capital, and so on … In 1975 intangible assets

were just 17% of the market value of the S&P 500. But today those proportions are flipped: intangible assets now make up 84% of the market value of the S&P 500.

(Winston, 2015)

Section Summary 2.1

Introduction to remix

The marketing mix is a well-established conceptual framework that helps marketers to structure their approach to each market. It should be re-examined and reapplied for the digital world.

2.2 What is the marketing mix?

The *marketing mix* rose to prominence in the early 1960s, although it was first referred to in 1949 at an American Marketing Association conference. Around the start of the 1960s, Canadian Jerome McCarthy (1960) coined the term the '*4Ps*': *Product, Price, Place, Promotion*. The four Ps are controllable variables which, when planned and carefully mixed together in the right way, satisfy customers. In 1963, Robert Bartels said: 'A marketer is like a chef in a kitchen … a mixer of ingredients'.

So what are the ingredients that marketers need to mix together to satisfy customer needs? Some of the controllable factors include: product quality, product availability, product image, product price and service.

Since that time many have argued that the *4Ps* worked for products rather than services. American academics Booms and Bitner then developed the *7Ps*, sometimes known as the service mix (Booms and Bitner, 1981). They considered that the extra Ps – People, Processes and Physical evidence –

were crucial in the delivery of services. People create and deliver a service – if they aren't happy, the service falls apart. Processes are even more important as the process of production is not behind closed doors (as in the case of products), but open for all to see. In addition, crystal-clear processes have proven themselves critical in the successful use of social media. Finally, when buying intangible services, many customers rely on cues given from tangible, or physical, evidence (such as uniforms, badges and buildings).

Changing the Mix

Some feel that for a more interactive digital marketing approach, Peppers and Rogers's *5Is* (1997) should replace the *7Ps:*

- *Identification* – customer specifics
- *Individualization* – tailored for lifetime purchases
- *Interaction* – dialogue to learn about customers' needs
- *Integration* – of knowledge of customers into all parts of the company
- *Integrity* – developing trust through non-intrusive marketing such as *permission marketing.*

The 5Is do not supplant the 7Ps, but rather are complementary to them since the 5Is define the process needed, whereas the 7Ps are the variables that the marketer controls.

Because of its origins in the 1960s, the marketing mix suggests a push marketing which does not explicitly acknowledge the needs of customers. Consequently, some marketing analysts feel that the marketing mix can lead to a product orientation rather than a customer orientation. To mitigate this effect, Lautenborn (1990) suggested the 4Cs framework, which considers the 4Ps from a customer perspective. In brief, the 4Cs are:

- Customer needs and wants (which the product satisfies)
- Cost to the customer (price)

- Convenience (availability/place)
- Communication (promotion).

Subsequently, Rothery (2008) developed the 4Es framework.

- *Experience* – means a product is an experience (including online experience)
- *Every place* – means place or distribution should be everywhere the customer wants it
- *Exchange* – means price (as money or credit is exchanged for product or services)
- *Evangelism* – promotion becomes evangelism.

Frenchman Albert Frey (1961) tried to simplify the mix and cluster it all into two simple groups:

- The offering (product, packaging, service and brand)
- The methods/tools (distribution channels, personal selling, advertising and sales promotion).

Mixing the Mix

Regardless of the approach to the mix, the same principle applies – stick close to customers; listen to them using social media or formalized marketing research to learn what they need; and supply it better than the competition by mixing the right mix.

Marketers mix the mix in different ways, sometimes with astonishing degrees of success. The mix can be mixed in different ways to satisfy different segments.

Should more be spent on distribution systems (systems, stock, delivery vehicles) and less on advertising? Or perhaps prices should be reduced to

generate more demand (which requires more stock)? Or would a price reduction damage the brand positioning? Should 'people' or service staff be increased, whether in the stores, in deliveries, over the phone or on social media? There is an endless array of possible ways to mix the mix. One key point to remember, however, is that the mix is tactical. Marketing-mix decisions should only be made after marketing strategy has, first, been agreed. Strategy includes the 'positioning' (how a brand should be seen or perceived or positioned in the mind of a customer). Strategy also includes defining which segments are going to be targeted. Segmentation, targeting and positioning are the three major components of strategy (see Chapter 10 on digital planning).

With the increased price transparency made possible through price comparison sites, it can be difficult to compete online as a trusted brand differentiating on premium service quality alone. Some online shoppers do not remain loyal to a favourite brand if a competitor is running a special offer.

This type of purchasing seems to start with the product and then selection of a supplier on price, but with a preference for known brands where there is a higher level of trust. Many sites now start with reviews of products, with alternative listings of suppliers listed by price. For example, Reevoo (www.reevoo.com, Figure 2.2) rates products according to individuals' opinions. Of course, customers buy in a variety of different ways or journeys (see Chapter 3 on digital models for more detail).

Online shopping comparison site Bizrate (see Figure 2.3) has a different approach, with more in-depth ratings by consumers of online stores, based on a broad range of variables from: 'ease of ordering; product selection; product info; price; web site quality; on-time delivery; product representation; customer support; privacy policies and shipping and handling'. The trick is knowing which variables are most important for the ideal customer. You need to know what your targeted 'ideal' customers base

their decisions on: is it best price, best quality, best delivery, service, best image, best environment?

Today's customer communities give feedback and reviews which other consumers find trustworthy.

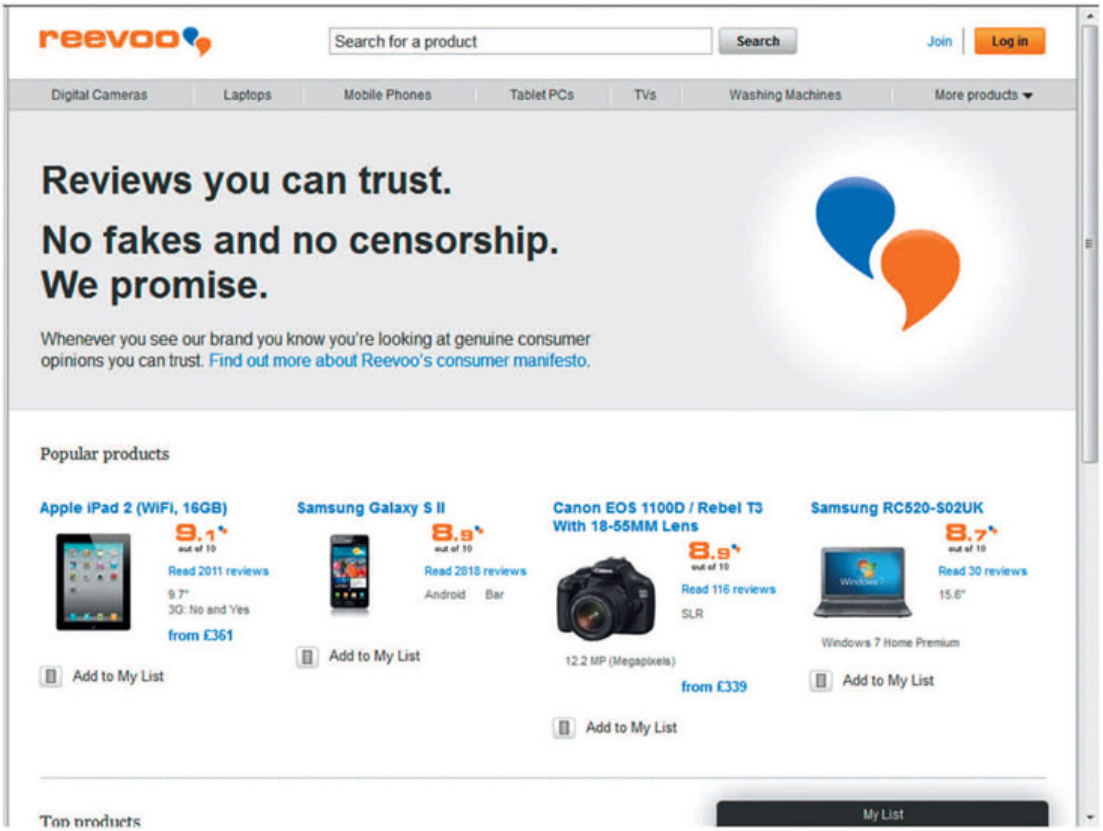

Figure 2.2 Reevoo consumer product rating site

Source: www.reevoo.com

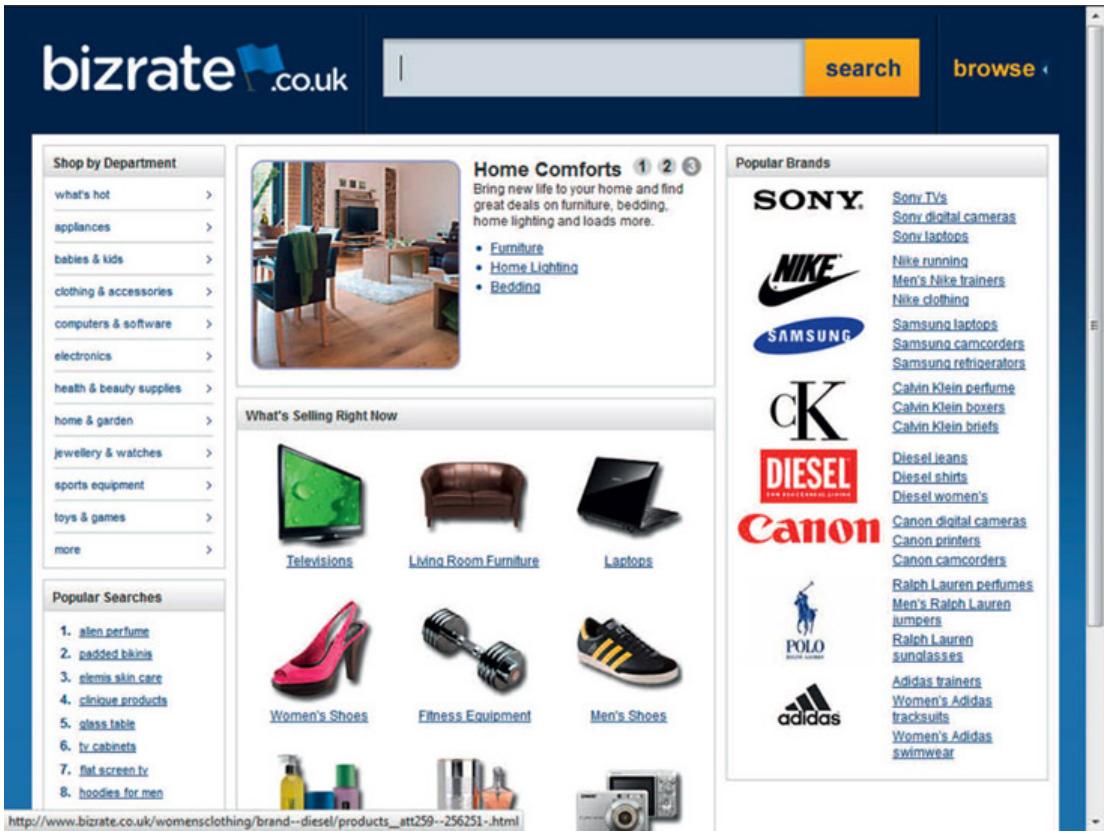

Figure 2.3 Bizrate.co.uk online shopping comparison site

Source: www.Bizrate.co.uk

Sometimes tough decisions mean chopping and changing the mix. For example, faster and wider distribution might require more money to be invested in stock and delivery vehicles and less money spent on advertising.

Section Summary 2.2

What is the marketing mix?

Marketing touches every part of the corporation. One way of structuring, or categorizing, the set of decision variables is the marketing mix. There are

several different approaches already mentioned. However, we will use the 7Ps:

- Product
- Price
- Place
- Promotion
- People
- Physical evidence
- Processes
- Plus a new 'P' – Partnerships.

We will explore each of these 'P's' later in this chapter.

2.3 Beyond the mix

Marketers today need more skills than just managing the marketing mix in isolation. By the end of this section, you will know what skills you need. You will also see how everything is integrated. Although the mix provides a useful framework for marketers, strategy (e.g. determining your positioning and selecting which segments to target) also needs to be considered. Decisions on the mix are not made until the marketing strategy has first clearly defined the *target markets* and *brand positioning*.

In our discussion of the online value proposition, we add specific issues that are important online, such as the quality of content, delivery of personalized messages and participation in social networks. In Chapter 4, we explain how, from a customer-centric point of view, you should review your digital activities against the Cs of Content, Customization, Community (and participation), Convenience, Choice and Cost reduction.

Marketers also need to know how to manage alliances (partnerships and marketing marriages), databases and how to build customer relationships that nurture *lifetime customers* who might give you more *'share of wallet'* (this means customers spend more with you on additional products or services from your product range or from your list of approved supplier partners).

Everything today is about relationships. The choice of mix should help to grow relationships:

- Relationship marketing means keeping customers happy for life.
- Strategic alliances and partnerships are all about relationships.
- Supply chain management is increasingly built on relationships – sharing data and systems and budgets.
- If the trends towards *consolidation* (customers choosing fewer suppliers) and *commoditization* (competition producing similar products) continue, then much business will be won and lost depending on the relationship between buyer and supplier.

Marketers have to understand relationships and how to make them work – whether online or offline – with customers and suppliers.

As we will see in Chapter 8 on customer relations management (CRM), relationships blossom when important things are, first, remembered (like your name and preferences) and, second, acted upon (such as your birthday or wedding anniversary). As organizations become accessible 24/7/365 through a wide range of devices and people, an integrated database can help you remember names, needs, events and a lot more (in both B2C and B2B markets).

Digital Marketing Insight

Segmentation and positioning according to Professor Peter Doyle

Doyle on segmentation: 'Segmentation is the key to marketing. If there is one golden rule for upcoming marketers, then it is segmentation. Why? For two reasons. First, people are heterogeneous. Different customers want different things. So to satisfy customers, you have to provide different solutions for different customers. The second reason is that people are prepared to pay different prices.'

Doyle on positioning: 'Positioning is central to marketing strategy. Positioning refers to how a brand is perceived in the minds of a target group of customers. Positioning is the encapsulation of two key concepts. The first is the target market – what is your choice of segment? Second – what will make the customer prefer your product to competitors'? How can we achieve a differential advantage?'

(Smith, 2002)

Section Summary 2.3

Beyond the mix

Before choosing the marketing mix, marketing strategy first determines target markets and required brand positioning. Then excellent marketers think beyond the short-term mix and think 'long term'. This means choosing a mix that nurtures 'lifetime customers' and grows share of wallet. Ask how each marketing-mix decision affects customer relations. Relationship marketing permeates all the decisions that marketing managers have to make about the mix. Excellent marketers have database skills, partnership

skills and relationship skills built into all their decisions regarding the marketing mix.

2.4 The mix is morphing

By the end of this section, you will understand how the digital world brings several Ps (i.e. product, promotion and place) together, particularly when considering apps and widgets.

Social media has changed everything. Generating conversations on social media platforms enhances the product experience (product), promotes the brand (promotions), and spreads the accessibility of a brand (place) and is totally dependent on well-trained teams (people) who are given crystal-clear systems and processes (processes).

Social media has deepened the impact of digital media. This has not gone unnoticed by the world's best marketers such as Unilever, which moved its digital marketing budget out of the media mix (promotion) and into the marketing mix (product and promotions) when it realized that social media content and dialogue also impacted on the product experience.

The search for added value (improved product experiences) is now relentless, whether through new product features, or more likely through enhanced online experiences via new features available from iPhone apps and widgets (more on this later). Apps are part of the product, the promotion and the place.

Apps and Widgets Merge Place, Product and Promotion

Apps and widgets improve the customer experience (product), delivering the experience wherever you are (place), and all of this simultaneously promotes

the product (promotion). Widgets can be built (commissioned by a brand), bought (from another widget creator) or borrowed (often for free) from places like Google gadgets, which enables individuals to personalize their home page with content from brands they like. Widgets are embedded into a web site so that visitors enjoy added-value functions. Widget creators often encourage web sites to embed their widget in as many web sites as possible (as it contains a link back to the widget owner's web site). There are widgets for everything from news feeds, to sports feeds to fun and games to weather forecasts and great quotations. Creative brands can develop or sponsor these across a range of platforms from desktop (PC and Mac apps), browser (e.g. Google Chrome apps and web services) to mobile apps.

Figure 2.4 Apple apps

Source: www.apple.com/itunes

As more and more online customers access online experiences (shopping, information, entertainment) via mobile (as opposed to PC), marketers enjoy additional options to help customers. They can optimize the web site for mobile phone access (more later, see Chapter 10 on customer experience (CX)) and/or develop mobile apps (see Figure 2.4) which both add value by bringing new experiences to people and spread the brand far and wide.

Digital Marketing Insight

Adding value through apps

Creative apps must also add value, be user friendly, available across different platforms – especially Android, iOS and Windows mobile – and be maintained as platforms are upgraded. Here are a few examples: the Burger King app shows the nearest branch, and lets the user choose, order and select a pick-up time. The Ikea app drops furniture photos from a catalogue into a photograph of your living room so you can see what it looks like in your room before you buy. Orange's GlastoNav app showed users who was on which stage at Glastonbury and provided directions to the various stages and tents amidst the massive, sprawling mass of the festival site. Nike's joint venture with Apple's iPod enabled joggers to access a jogging community web site, log their runs and connect with and compare to other joggers by using their iPods (or their iPhones) and a Nike+ branded transmitter (that fits into some specially designed Nike shoes or can be attached to shoes).

The Virtual Zippo® Lighter app (Figure 2.5) allows customers to hold up a flickering burning lighter flame before a concert starts without burning their hands. It has 10 million fans despite its 17,000 ratings generating an average score of 3.9 (out of 5, i.e. 4 star).

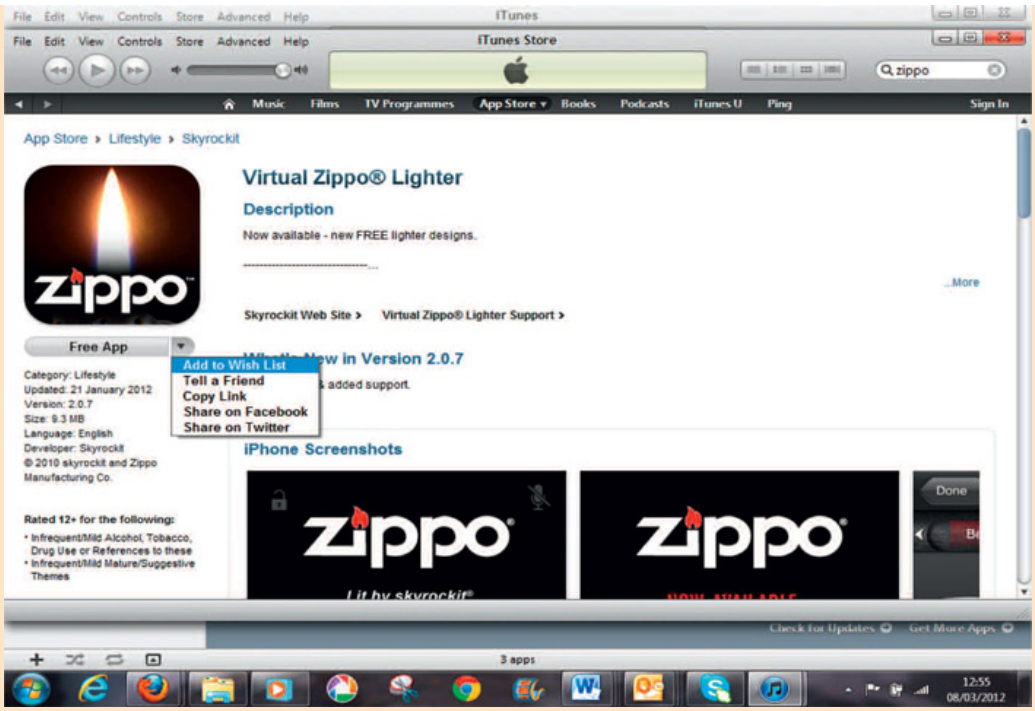

Figure 2.5 Virtual Zippo® Lighter app

Source: www.apple.com/itunes

Gibson's guitar app includes a guitar tuner, a metronome and a chord chart, all of which are extremely useful for any guitarist (see Figures 2.6, 2.7 and 2.8).

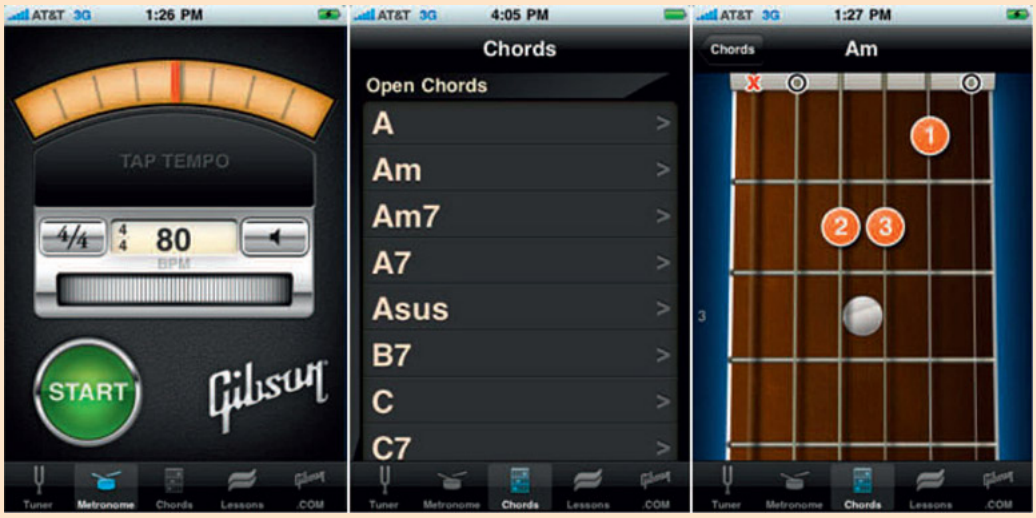

Figure 2.6 Gibson's free app helps guitarists; they can choose a tuning on the 'Mode' page so the tuner will only track notes for that particular tuning

Source: www.gibson.com/en-us/lifestyle/features/gibson-guitar-app-0302/

Figure 2.7 The Gibson app also features a standard metronome that allows users to choose a specific BPM or tap the screen three times to automatically set the tempo. Other key features of the app include over 30 chord charts with finger markings to help the user with mastering the chord

Source: www.gibson.com/en-us/lifestyle/features/gibson-guitar-app-0302/

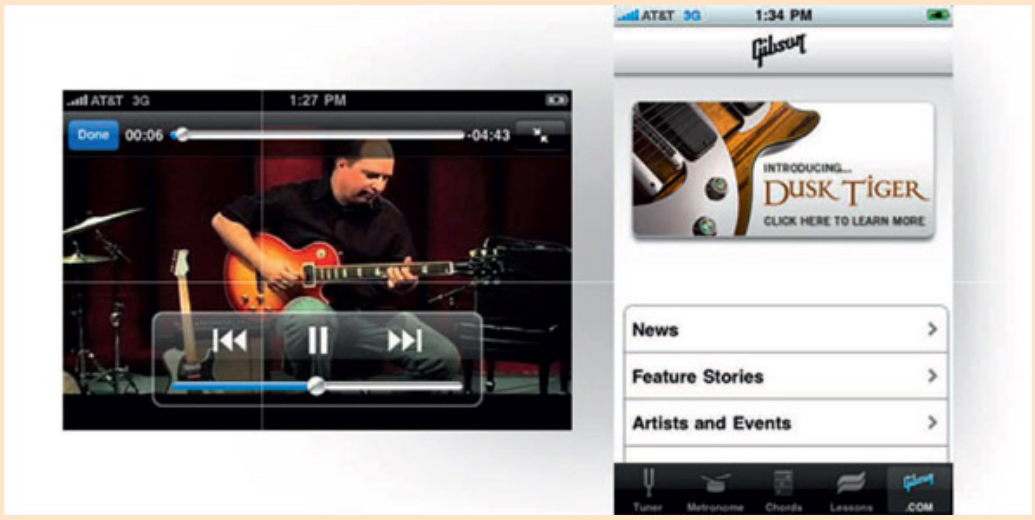

Figure 2.8 The Gibson app also announces new products, artist activity, news stories, interesting and factual features, exclusive contests and special events

Source: www.gibson.com/en-us/lifestyle/features/gibson-guitar-app-0302/

Kraft's iFood Assistant delivers recipes and has a feature that creates a shopping list that automatically includes the ingredients for the chosen recipes. It even identifies the locations of nearby grocery stores and which aisles stock the items.

Probably one of the most unusual apps is from Unilever. Domestos was behind a fun Flushtracker app that allowed users to track the course of their toilet flush through the sewer system (see Figure 2.9).

FLUSH TRACKER
SUPPORTING WORLD TOILET DAY NOV 19TH
HOW FAR DOES YOUR FLUSH GO?
TO THE END OF THE ROAD, OUT OF TOWN OR TO SAIL THE SEVEN SEAS?
HIDDEN UNDERGROUND, IT'S EASY TO TAKE THE SEWER SYSTEMS FOR GRANTED, BUT NOW YOU CAN FIND OUT WHERE YOURS GOES.
CURIOUS?
START
DISTANCE TRAVELLED: 0.19 MILES
http://www.flushtracker.com/index.php
Map
Satellite
Hybrid
A RECENTLY TRACKED FLUSH
SEE ANOTHER
10 DOWNING ST, WESTMINSTER,

Figure 2.9 Unilever's Domestos Flushtracker app

Source: www.flushtracker.com/index.php?page=start

Section Summary 2.4

Widgets and apps, in particular, add an exciting dimension to the traditional marketing mix since they add value to the product, promote the brand and

distribute the brand right into everyone's pocket via their phone – effectively bringing several Ps together (i.e. product, promotion and place).

2.5 Product

By the end of this section, you will understand online value propositions, be able to assess the potential of extending your product online and spot opportunities for other products online. You will also be able to begin to assess your overall business as a result of the online opportunity.

Digital channels offer a host of new opportunities and prompt these product-related questions:

- What benefits do your products currently give your customers?
- Can these benefits be delivered online?
- What other benefits might your customers like?
- Can these additional benefits be delivered online?
- What is your business? Can it be delivered online?

Digital Products

Amidst the digital explosion, Ghosh (1998) suggested that companies should consider how to modify product and add *digital value*. These are two huge questions that, even today, can reshape your whole business.

Digital Marketing Insight

Adding digital value to products

Ghosh talks about developing new products or adding digital value to customers. He urges companies to ask:

1. Can I afford additional information or transaction services for my existing customer base?
2. Can I address the needs of new customer segments by repackaging my current information assets or by creating new business propositions using the Internet?
3. Can I use my ability to attract customers to generate new sources of revenue such as advertising or sales of complementary products?
4. Will my current business be significantly harmed by other companies providing some of the value I currently offer?

He suggests you need to analyze each feature of your product or service and ask how can each of these features be improved or adapted online.

These changes can be substantial – one such example is Hughes Christensen, an oil drilling tool company, which discovered that it had a much more lucrative online oil drilling advisory service (Note: now it is a service rather than just a product).

There is no doubt that every product or service can find some added value online. Even for soft drinks such as Pepsi and Tango, there is a shift from physical interactions to nonphysical brand experiences.

So it's not just digitizable products and digitizable services that extend themselves into the online world, but any products from any business. Layer apps and widgets on top of this and products or services can create a much better customer experience.

Obviously the entertainment, education and advice services are ideal, but, surprisingly, so are complex industrial products (witness the GE turbine

optimizer referred to in Chapter 1). In fact, the more complex the product, the more online opportunity there is, since there is a need to educate, train, test, install and service – most of which can be integrated online. Figure 2.10 shows how the online presence can help customers to make complex product selections. Visitors select their requirements and suitable models are indicated using a *Rich Internet Application (RIA)*. While these applications can provide a compelling customer experience, care has to be taken with respect to search engine optimization (SEO), since the search engines may not readily index and link to specific product pages.

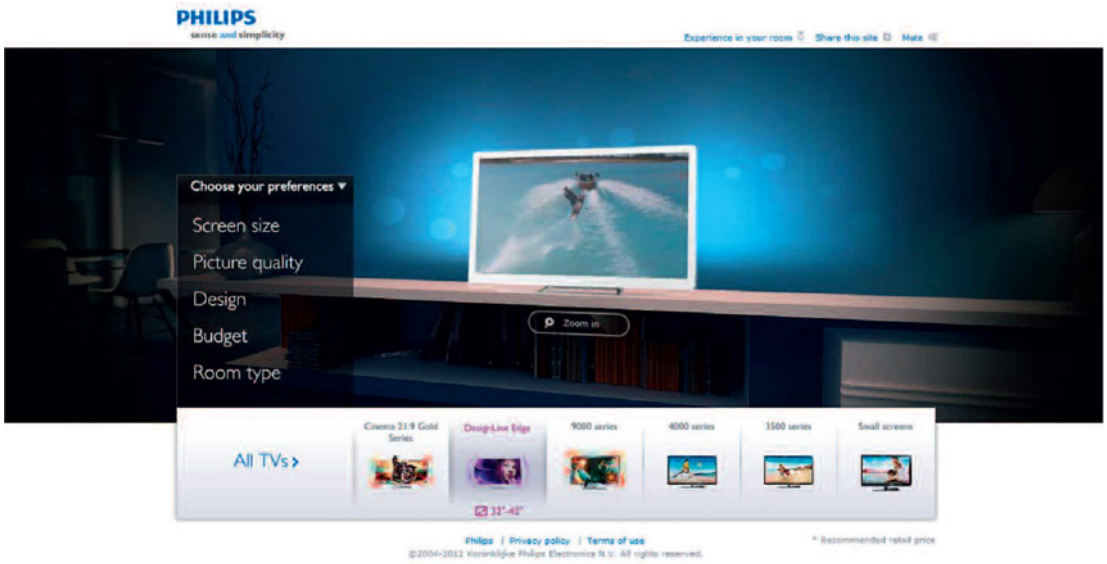

Figure 2.10 Helping customers to make decisions

Source: www.tv.philips.com/

Even less complex but high-involvement consumer purchases such as cars can be aided online through 'mixed mode' or Research Online Purchase Offline (ROPO) purchasing.

Remember to keep asking, 'How can I help my customer?' 'What information do my ideal target customers seek?' 'How can I save customers' time?' 'How can I add value to their online experience when they visit my site?' Ultimately, ask, 'How can I help my customers?'

'How can I excel at giving them this online?' Communities of customers can be tapped into to help answer this question. This is what was known as the *prosumer* – the proactive consumer who participates in the design of products or services.

The product or customer experience is increasingly important online, as there is a school of thought that suggests that all products eventually become services. Cohen *et al.* (2006) from the Harvard Business School believe that 'all products become services' as the after-sales market opens up new opportunities. But many organizations still treat the after-market services as an afterthought – perhaps because the 'after market' is deemed to be complicated or outside the safety zone and therefore difficult to manage. But they point out that many US organizations will generate their growth primarily from the 'after market' by adding services, updates and upgrades, consultancy, installations and training. Even more importantly, after sales service is the first step in converting customers into lifetime customers, which is, incidentally, far more profitable than acquiring new customers.

Digital Marketing Insight

More service/s added to products

Quick Read (QR) codes can add another layer to existing products and services by connecting a customer with online information, benefits and experiences. Once you have the QR app, you can scan a QR code and it takes the visitor to a video clip, photo, article or a web site.

Equally, marketers could secure a short, simple and memorable web address (URL) and save customers all the bother. Perhaps scanning a QR code is quicker, particularly if there are several different pages you want customers to see: 'The Holy Grail for QR code marketing would be a passive always-on QR scanner such that all one has to do is just point

the phone camera in the direction of the QR code to launch the content.' (Ritesh Bhannani, chairman of Snipp Interactive in Sentry Marketing Group (2015)). Or perhaps QR codes could be replaced with easy-to-pronounce unique words which voice-operated mobile services, like Apple's Siri, could interpret and immediately locate the appropriate web site page.

QR codes can also enhance two of the 'Ps': Promotion and Place. These codes let smartphone users scan a type of barcode to get digital information (web site, video clip, article, photo deal or a shop). They add these layers of information and use them in many creative ways to enhance a product experience, add extra information or even bring a supermarket to you.

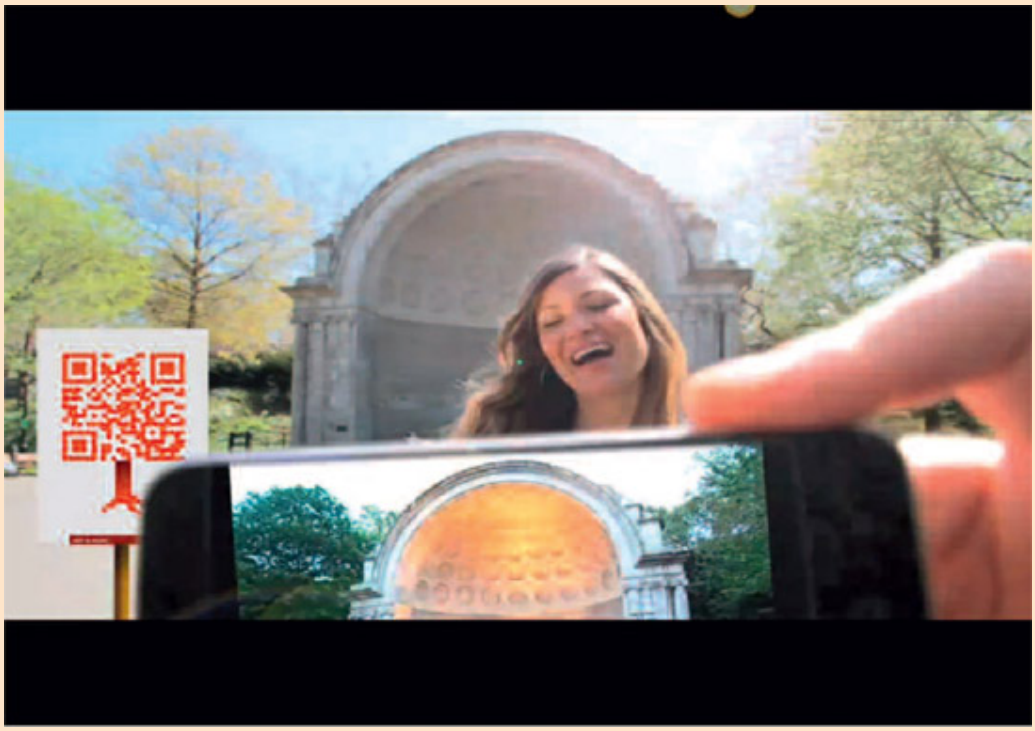

Figure 2.11 New York's Central Park QR codes allow visitors to enhance their experience

Source: Agency Magma, New York. Director: PhillyK

In New York's Central Park, QR codes allow visitors to enhance their experience while walking through Central Park. Visitors can relive

movie scenes by watching famous movie clips when standing in the same location (and scanning a particular QR code). Visitors can watch and listen to a full orchestra perform in a particular spot in the park where they previously performed, or learn about the stones or plants in the park just by scanning a QR code (posted on a sign or a poster) with a mobile phone (which has a QR code reader app). Do remember if directing visitors to a web site to ensure that the web site is optimized for mobile display screens (Chapter 6).

Digital Products Offer Interaction and Engagement

Digital products are consumed differently – many customers want to interact with the brand and with other customers in their new-found communities. Some want to share information, ideas, problems, challenges, solutions and maybe even friendship, rage or passion. Perhaps the growth of the online need for communities (or even companionships) is a reflection of the breakdown of real (offline) communities. Chapter 4, on customer behaviour, suggests that the couch potato was only a slothful slob because he had no interactive technology, which today allows millions to engage with their online programmes. Some ten years ago, the BBC changed its guidelines for new products (TV programmes) to match these trends. The BBC now insists that all TV programme proposals should include an additional three dimensions: 'find, play, share'. 'Find' embraces distribution or place – ensuring that viewers can find the content easily. 'Play' means the product itself should consider an interactive element, and 'Share' combines product with promotion and distribution, as programmes and their communities of interest are nurtured to extend the product experience online, to talk to each other. Although this is for digital products, this approach for a product brief may extend into many other non-digital products and services.

Some companies create new products with UGC (user-generated content which includes product ideas). Consider the t-shirt company, Threadless.com, whose customers post their designs online. The community votes for the most popular designs, the company produces them and the customers then buy the newly designed t-shirt (see Chapter 3).

Of course, customers have been determining products' functionality for many years now as mobiles are used for texting and taking photos (in fact, mobile photos are now outstripping photos taken by cameras). See how Huawei (Chinese mobile phone company) used its superb camera functionality to promote itself and break into an already congested mobile market (see Chapter 10). Customers consume vast quantities of leisure and entertainment via their phones (in fact, more than the whole of Hollywood movies in cinemas; see Chapter 4).

Finally, digital product and service portfolios can expand to meet the growing diversity of tastes being generated online by the many customer niches online, otherwise known as *The Long Tail* (Anderson, 2006).

The success of the Pebble wristwatch (www.getpebble.com) is a great example of using prosumers to help with new product development through crowdsourcing, technically known as 'open innovation'.

Pebble used Kickstarter (www.kickstarter.com/projects/597507018/pebble-e-paper-watch-for-iphone-and-android) to get customers to pledge to buy the product in return for early delivery or other exclusive offers. Kickstarter supports new product development and startups through crowdsourcing, concept testing and amplification of the buzz around a new product.

The Extended Product

Online opportunities for enhancing product value can also be identified. Ask: 'How can I move beyond the core product?' The different elements of

the *extended product* can be highlighted or delivered online. What other products and services would a customer really value? Which of these services can be produced cost-effectively and better than competitors?

The extended product also includes incorporating tools to help users during their use of the product or service.

The extended product contributes to perceptions of quality. Quality and credibility are inextricably linked. 'Develop credibility before raising visibility' makes sense, otherwise you end up making a lousy low-profile company into a lousy high-profile company. Credibility requires quality products and services – these can be demonstrated by:

- Endorsements
- Awards
- Testimonies
- Customer lists and numbers
- Customer comments
- Warranties
- Guarantees
- Money-back offers
- White papers
- Staff photographs
- Social proof such as the number of subscribers, circlers, fans or followers on social networks.

Remember also – you need to analyze the competition continuously. What is their core and extended product offering? That's the easy bit. Increasingly, the hard bit is knowing who your competition is, as boundaries and categories collapse. Witness Yahoo! offering electricity and Virgin offering telephone services; it seems there are no boundaries, just shares of wallet based on relationship marketing. This means that once a supplier wins a customer's trust, it is possible that the customer will consolidate their number of suppliers and start to buy a wider range of products and services

from the same supplier. If the relationship is right, the share of wallet can grow. This brings us back to the online value proposition – what exactly is being offered to the customer? Can you summarize your company's OVP?

Online Value Proposition

If you are going to offer a consistent CX, then the *online value proposition (OVP)* should be the same as the offline proposition. The online proposition can offer some of the online advantages such as immediacy, interactivity and additional information, maybe even virtual experiences or virtual testing. Note: the offline value proposition can also offer the online added value by encouraging customers to visit the web site to enjoy the same benefits.

The OVP must somehow reinforce core brand values and clearly summarize what a customer can get from you that they cannot get elsewhere (including competitors). This requires careful consideration of customer needs, competitive offering, company strengths and resources available. Observe competitors' sites and their offerings – can you distinguish between them? A cleverly created advertising strap line appearing on a web site can summarize the offering. More detailed pages in offline communications or on the web site can describe the proposition more fully. Here are a few OVPs that appear to match the strap lines:

- AutoTrader – The biggest and best car site on the planet – www.autotrader.com
- Boosey & Hawkes – A world of music – www.boosey.com
- Flickr – Share your photos. Watch the world – www.flickr.com
- The Great Sportsmanship Programme – Mobilising young communities into sportsman-ship via short stories – www.greatsportsmanship.org
- Kelkoo – Compare. Buy. Save – www.kelkoo.com
- Wordtracker.com – Find the keywords you need to succeed online – www.wordtracker.com/

- YouTube – Broadcast yourself – www.youtube.com

Web guru, Jakob Nielsen, has an interesting exercise which assesses whether a web site communicates effectively during the first ten seconds:

Guideline 1

1. Collect the taglines from your own site and your three strongest competitors.
2. Print them in a bulleted list without identifying the company names.
3. Ask yourself whether you can tell which company does what.
4. More important, ask a handful of people outside your company the same question.

Guideline 2

1. Look at how you present the company in the main copy on the home page.
2. Rewrite the text to say exactly the opposite.
3. Would any company ever say that?
4. If not, you're not saying much with your copy, either.

The OVP is more than the sum of features, benefits and prices; it should encompass the complete experience of selecting, buying and using the product or service. The traditional categories of the different elements of the marketing mix are beginning to blur as proposition merges with product experience. About time too, as all of the mix must be seamlessly integrated.

Since the OVP is a core digital marketing concept, we refer to it throughout this book. In Chapter 4, we explain how, from a customer-centric point of view, you should review your site against the 6Cs of Content,

Customization, Community (and participation), Convenience, Choice and Cost reduction.

Digital Marketing Insight

Testing propositions (and prices) – analytics is the first role I fill

According to Robert Hortal, an experienced Digital Marketing Change manager, testing is a key part of the toolkit of the modern marketer. He explains his approach.

> *First, you can assign (different) propositions randomly to visitors on first arrival to test interest/sales. I would typically run this against a large control group (being offered the current main proposition) to both protect commercial results and detect the effect of any external influences that may otherwise wrongly influence the experiment. Free tools like Google Analytics Content Experiments provide information as tests run that help assign a confidence to a temporary result. In my experience, the only way to ensure valid tests and improved business results is to bring in the best analytical brain you can find. Analytics is the first role I fill when I build a digital team, it's that important.*
>
> *(Hortal, 2011)*

Section Summary 2.5

Product

Find the ideal product that you can deliver, can afford, are good at, can protect and go for it. The online world allows you to create a whole range of new versions, variations and even new products and services. Finally, play

to your strengths and exploit your distinctive competitive advantage by having a strong and clear OVP.

2.6 Price

Pricing and *price models* have been affected by the white heat of intense online competition and new creative approaches such as that by the UK rock band, Radiohead, who launched one of their CDs online with a 'pay whatever you want' price tag. Have you noticed how price models are changing online? Imagine being paid one day and the next day having to pay for delivering the same service? AOL used to pay ABC News for content. Now ABC pays AOL to place its content on AOL pages. It's also happened in advertising. Audiences used to pay for the media; now the media pays audiences to watch their ads (either with special content or currency).

In this section you will see why you need to review your prices and your pricing models regularly as transparent and dynamic pricing has an impact on all markets.

New Pricing Approaches

New *buying models* require new pricing approaches.

Name-your-price services such as Priceline (www.priceline.com), transparent pricing, group pricing (e.g. Groupon and Living Deals) and global sourcing (particularly by giant procurement mergers like Ford and Chrysler) are forcing marketers to radically rethink their pricing strategies.

Companies that offer digital products such as written content, music or videos now have more flexibility to offer a range of purchase options at

different price points, including:

- *Subscription.* This is a traditional publisher revenue model, but subscription can potentially be offered for different periods at different price points; e.g. three months, 12 months or two years.
- *Pay Per View.* A fee for a single download or viewing session at a higher relative price than the subscription service.
- *Bundling.* Different channels or content can be grouped at a reduced price compared to Pay Per View.
- *Ad-supported content.* There is no direct price set here; instead, the publisher's main revenue source is through adverts on the site or on the app. Other options include *affiliate* revenue from sales on third-party sites or offer access to subscriber lists. The UK's most popular newspaper site, the *Guardian* (www.guardian.co.uk), trialed an ad-free subscription service, but like many online publishers, has reverted to ad-supported content.

For all of these, it is necessary to have a sound *digital rights management (DRM)* solution in place to minimize copying.

A growth in competition is caused partly by global suppliers and partly by customers searching online for cheaper suppliers. Many online companies enjoy lower margins with more efficient web-enabled databases and processes. Some of them cut out the middleman.

And there's more – barter, countertrade, strategic alliances, technology transfer, licences, leasing as well as auctions, and reverse auctions (where sellers compete to supply a buyer, counter auctions) – are all putting downward pressure on prices. On the other hand, web sites can track customer segments and their sensitivity to prices against their activity on the site, or past purchase habits recorded in host databases or stored in cookies held on the user's computer (with their permission); for example, if a customer's history shows two visits to a particular product page, then an automatic online coupon might nudge the unsure customer to buy.

Alternatively, it is possible for some suppliers (e.g. airlines) to categorize a second visit from a customer as someone who really wants to buy this flight and thus increase prices knowing the customer might really want this flight. It is also possible for companies to recognize where customers are from and tailor prices accordingly. In theory, marketers with well-managed databases can tailor prices to discrete segments at optimum prices.

Pricing under Pressure

Pricing is under pressure through the continual trend towards *commoditization*. Something new is commoditized almost every day. Once buyers can (a) specify exactly what they want, and (b) identify suppliers, they can run *reverse auctions*. Qualified bidders undercut each other – for both business and consumer products. Colvin (2000) reported that through medicineonline.com elective procedures such as laser eye corrections or plastic surgery required by a particular customer are fought over by rival practices bidding the lowest prices.

Price transparency is another factor. As prices are published on the web, buyer comparison of prices is more rapid than ever before. Storing prices digitally in databases potentially enables shopping bots and robot shoppers to find the best price. Price comparison sites have been around since the 1990s, in different sectors; e.g. MoneySupermarket (www.moneysupermarket.com, Figure 2.12).

So, such comparison sites create customer empowerment which leads to further downward pressure on prices. This is what happens when customers want to take control of the relationship rather than the other way around.

And it's not going to get any easier to sustain old prices. A prototype next-generation e-commerce server from the University of Washington uses

gaming strategies to decide when to bargain even harder during the negotiation of complex contracts.

Figure 2.12 MoneySupermarket.com

Source: www.moneysupermarket.com

Prices are complex; options for the price package include:

- Basic price
- Discounts
- Add-ons and extra products and services
- Guarantees and warranties
- Refund and return policies
- Order cancellation terms
- Revoke action buttons.

Business-to-business marketplaces such as EC21 (Figure 2.13), known as exchanges or hubs, and auctions continue to grow in significance. Much routine and repetitive buying will be carried out in B2B exchanges. Major corporations are already buying through online exchanges and auctions. The world's largest eCommerce company, China's Alibaba, started sourcing Chinese manufacturers with 18 staff in 1999 – it now employs 22,000 staff worldwide. It has grown primarily because of its ability to harness the world of online commerce.

Figure 2.13 EC21 global B2B marketplace

Source: www.ec21.com

Marketers (and buyers) will need new skills – defining the strengths and weaknesses of various exchanges and auctions.

Experienced business people know the impact of buying efficiencies. Martin Butler estimated that a 5 per cent saving in procurement equals the same

contribution as a 30 per cent increase in sales for many manufacturing companies (Butler, 2001).

Marginal costing may be required – for many digitized products, the marginal cost is almost zero. Some companies (such as software vendors) are redefining their business, becoming service providers and giving the product away at cost. They make their money on selling the add-ons and extras. A very different pricing model or just a traditional loss-leader approach? Some call it *second layer selling*. For example, companies sell end-of-term cars from corporate fleets, contract hire and leasing companies and car rental companies to affinity groups such as large employers. The cars themselves are sold at cost, while the add-ons and extras make a profit – insurance, finance, recovery services.

Interestingly, many of the most successful brands are not the cheapest in their category. Customers are prepared to pay premium prices for perceived quality.

One final pricing consideration is moving from fixed prices to rental and leasing prices. Cars, computers, flight simulators and now even music can be bought, hired, leased or paid for by subscription.

Price Monitoring

Pricing is such an important variable, but it can be complex when there are hundreds or even thousands of products competing in a busy marketplace packed with competitors that constantly change their prices. In price-sensitive marketplaces, not knowing that your competitors have increased their prices could cost you tens of thousands of pounds in lost revenue in a short space of time. Equally, not knowing that your competitors have cut their prices can push a brand outside of a price-sensitive market. There are services like Competitor Pricewatch (www.cpw.uk.com; see Figure 2.14a and

2.14b) which deliver price reports hourly, daily or weekly so that a busy marketing team can address any potential price problems within the first ten minutes of their day, releasing them from time-consuming, and often incomplete, manual price reports, thereby freeing up their time to get on with more pressing matters, in the knowledge that they are on top of the constantly changing price points.

Section Summary 2.6

Price

The Internet is changing pricing forever. Prices are under pressure. Pricing structures and options are becoming more complex. It is crucial to get the pricing right in the short, medium and long term. Review new price structures in your markets, driven by customers looking for lower prices available through a range of online tools including reverse auctions, customer unions, commoditization, intermediaries, infomediaries and shopping bots.

2.7 Place

To understand the significance of place, consider which is the most successful *brand* in the soft drinks markets? The answer is Coca-Cola, not Pepsi. It is readily available almost whenever and wherever customers could need it. Their excellent *distribution (or 'place')* gives them the edge.

This logic also applies online. Way back in the 1990s, Esther Dyson (1999) said: 'You put coke machines in places where you think people might want to drink a coke. On the Internet you put Amazon buttons in places where there

might be people inclined to buy books.' In fact today, Amazon sells much more than just books. It sells almost anything including fast moving consumer goods (FMCGs) Having asked the excellent question 'Where and when are customers most likely to want to re-order FMCGs?' the answer was 'When they are about to run out of the product'. So they created a button called 'Dash' which customers can stick on their fridge, in their cupboard, on the hoover or wherever. See Digital Marketing Excellence box below.

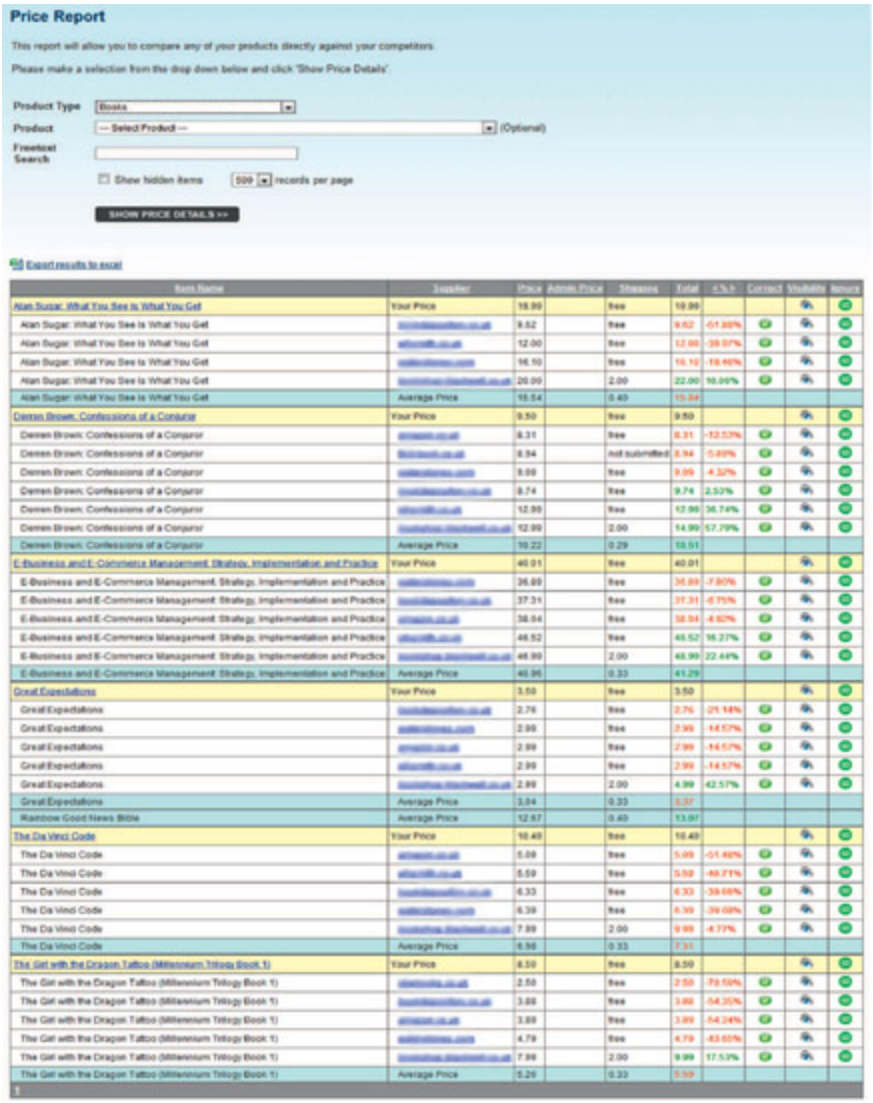
Price Report
This report will allow you to compare any of your products directly against your competitors.
Please make a selection from the drop down below and click 'Show Price Details'.
Product Type
Product
Freetext Search
(Optional)
Show hidden items
records per page
SHOW PRICE DETAILS >>

Figure 2.14a www.pricewatch.com

With permission of Jon Clifford, Pricewatch

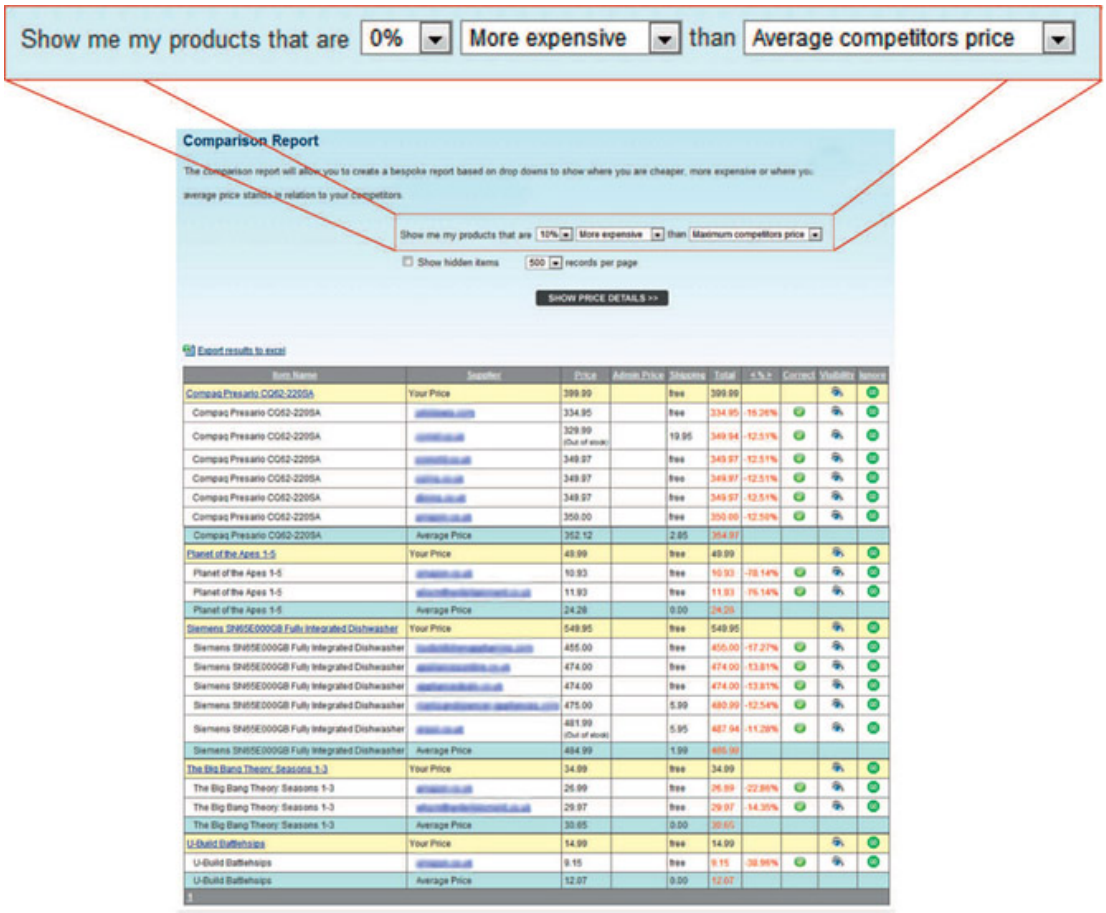
Show me my products that are 0% More expensive than Average competitors price
Comparison Report
Show me my products that are 10% More expensive than Maximum competitors price
Show hidden items
500 records per page
SHOW PRICE DETAILS >>

Figure 2.14b www.pricewatch.com allows search and compare using different criteria

With permission of Jon Clifford, Pricewatch

Digital Marketing Excellence

Amazon's 'Dash' button that converts all products into places for placing orders

Amazon Dash physically lets customers put a one-click wireless re-order 'button' device (the size of a usb drive) on household devices (like fridges) and cupboard shelves, because customers are most likely to reorder a product when they realize they are running out of it while using it. Customers never have to worry about running out of everyday

household essentials from coffee to condoms, and snacks to soda. Some big brands such as *Doritos, L'Oreal Paris, Playtex, Red Bull, Starbucks* and *Tide* now have their own 'order tab'. When a customer sees supplies running low, they simply press a Dash button to order.

Dash buttons are available to Prime members for a low cost, and they're essentially free: with the first order through a Dash button, members receive a credit to their Amazon account. When a customer is running low on one of their everyday essentials, they can simply press a Dash button to automatically reorder it at the same low price as on Amazon online and with free Prime shipping.

Figure 2.15 Dash buttons

Reproduced by kind permission of Amazon

Place and promotion overlap when organizations extend their presence online with links from other sites or with microsites in relevant places as the brand gets wider promotion, and simultaneously increases its distribution (place) as the brand is, effectively, available for purchase more widely online.

Place means the place of purchase, distribution and, in some cases, consumption. Some products exploit all three aspects of place online; for example, digitizable products such as software, media and entertainment. Widgets can extend distribution across many other web sites. Apps (once downloaded) can extend distribution into the hands of millions of customers via their mobiles. And QR codes can bring distant (and even past) experiences closer. *Proximity marketing* and *location-based marketing* bring promotions to the customer as they physically move closer to a distribution point. Foursquare and Facebook Places enable customers to reveal their locations to friends and discover nearby Deals. Customers get rewarded with special offers for checking into a venue. In the USA, Gap gave away 10,000 pairs of jeans through Deals to drive people into its stores. Interestingly, check-in behaviour patterns differ between the USA and EU countries (see Chapter 4). 'More and more large brands are turning to location based services to find out more about and communicate with their customers, and to offer them deals and promotions for their loyalty' (Gray, 2011).

It's not just digitizable products and services – all products and services can extend themselves online by considering their online representation for place of purchase and distribution. Even perishable goods such as food and flowers are sold online as customers like the increased convenience and reduced cost of ordering online, often using delivery partners for offline fulfilment. Distribution channels can radically change – eBay and Amazon are both only approximately 20 years old but they continually innovate their distribution methods; e.g. Amazon's Dash button in homes, robots in its warehouses and drones delivering goods to homes.

Digital Marketing Insight

Price follows place?

Using channel data as a pricing factor has proven more successful. As historical data is accumulated, it is possible to really offer competitive prices to those customers identified as high value at the point of application. An accurate value/propensity model can use the wealth of information available from digital visitors (geography, visit trigger/campaign, past visits, customer history, etc.) to drive truly personalized pricing. In this example, price follows place and both price and promotion reflect the individual customer (Hortal, 2011).

Promotion follows place?

Ads can follow people – so that depending where they are, a more specific relevant ad appears on their phone or in their browser or as a text message. 'This kind of location based marketing is akin to placing an intimate outdoor poster ad in the palm of a potential customer – powerful stuff', says Doug Chisholm, managing director of Rippll (location-based marketing) (Gray, 2011).

Ads (Promotion) Follow Customers Online (Place) – 'Remarketing'

This involves placing your ads in front of people (as they visit other sites within the Google ad network) who have already expressed an interest in your business; e.g. who have previously:

- Visited your web site
- Signed up for a newsletter
- Abandoned a shopping cart
- Or even bought your goods/service (and you want to reach them after a specific number of days).

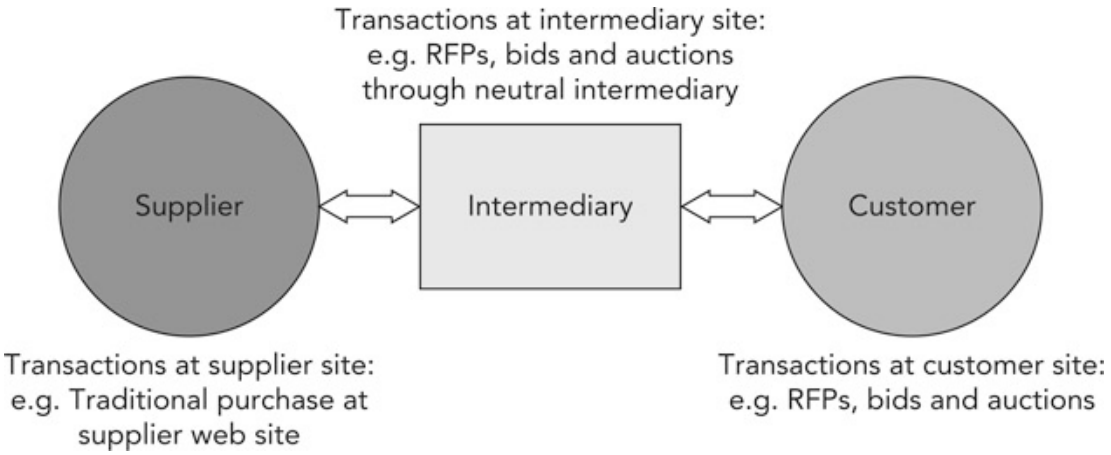

Figure 2.16 Alternative representation locations for online purchases

Which Place?

Berryman *et al.* (1998) highlighted the importance of place in e-commerce transactions when they identified the three different locations for online purchases shown in Figure 2.16 below. When many companies think about making their products available online, they tend to think only of selling direct from their web site (a). However, other alternatives for selling products are from a neutral marketplace (b) such as EC21 (www.ec21.com; Figure 2.13) and also through going direct to the customer (c). Companies need to consider the alternatives for online *representation*.

New Distribution Models

So place is vital and an explosion of radically new ideas has occurred in the online world of distribution in the last few years:

- *Disintermediation.* This is removing the middleman to deal direct with customers instead of through agents, distributors and wholesalers. Note that this can create channel conflict as middlemen feel the squeeze. For

example, Hewlett-Packard sells a lot of equipment to hospitals. But when hospitals started going directly to the HP site, first for information and second to place orders, it posed a big question: do we pay commission to the sales representative for this?

- *Reintermediation.* This is the emergence of new types of middlemen who are brokers, such as Bizrate, which unites buyers with sellers.
- *Infomediation.* A related concept where middlemen hold data or information to benefit customers and suppliers.
- *Channel confluence.* This has occurred where distribution channels start to offer the same deal to the end customer.
- *Peer-to-peer services.* Music swapping services such as Napster and Gnutella opened up an entirely new approach to music distribution with both supplier and middleman removed completely, providing a great threat, but also an opportunity to the music industry.
- *Affiliation.* Affiliate programmes can turn customers into sales people. Many consider sales people as part of distribution. Others see them as part of the communications mix. Amazon.com sees its 400,000 affiliate partners as a huge asset which creates part of its distinctive competitive advantage.
- *Group purchasing.* Facilitated by Groupon and Living Deals. Millions of people are alerted to special, limited, heavily discounted offers negotiated by group purchasing groups, and clusters of them reply.

One last way of extending an organization's reach or distribution (and promotion channels) is to create a *widget* (covered in Section 2.4) and make it available for other organizations to embed on their own site to add value to their customers. Google gadgets offers many free widgets ranging from Einstein Quotes, to calendars, to changing photos. YouTube has a classic widget that allows (and encourages) other web sites to seamlessly link YouTube content into the other organization's web site.

This approach is sometimes called *atomization*, which suggests how the content on a site is broken down into smaller fundamental units such as

features, blog postings or comments, which can then be distributed via the web through links to other sites. Widgets are another aspect of atomization where data can be exchanged between the widget and the server on which it is hosted. The syndication and distribution of content from one site to other sites or readers which access it via *RSS feeds* is another example of atomization.

Excellent distribution requires a deep understanding of when and where customers want products and services. Partnership skills are also required as much distribution is externally sourced, whether order fulfilment, warehousing, logistics or transport.

Section Summary 2.7

Place

Distribution, or place, is crucial to the success of any enterprise. Assuming your organization has a reasonable product or service, online or offline the principle is the same: increase your representation and make it widely and readily available to target customers. Marketers today need to think of multi-channels for distribution to ensure they make their products and services easily available to as many ideal customers as possible.

2.8 Promotion

The Internet extends and integrates all ten online communications tools. This section summarizes the opportunities and the challenges of online communications that are explored in more detail in Chapter 7 on traffic building. First, we consider the range of online promotion tools that are

available. We then give guidelines as to how these tools can best be exploited.

Online Communications Tools

Online promotion is continuing to grow in importance and gaining an increasing share of marketers' budgets and efforts – whether it is a text message that changes behaviour immediately, or key words that attract more enquiries, or contextual banner ads that change attitudes, or viral marketing that makes people talk about a brand. Online channels can do things that offline communications simply cannot; e.g. some web sites can promote, communicate and create a brand experience which is unique to the online users. Take the soft drink Tango: it is renowned for its irreverence and fun approach. Tango.com brings the irreverence alive in a way that only the Internet can with games such as 'The Shocking Adventures of Nylon Neddie'.

Digital Marketing Insight

Think like concierges not carnival barkers

> Now, when you craft a message that creates awareness, it doesn't lead to a trip to the store, but to searching behavior online. This behavior, in turn, will be tracked by your competitors who will then *retarget those same customers* with new offers. In other words, by *relying on awareness*, you will essentially be providing *a lead generation service for your competitors.* We need to shift from grabbing attention to holding attention and the first step is to change how we look at data – we can now not only use data to target messaging but also to enrich experiences. *Instead of carnival barkers*, we must begin to *think like concierges*, helping and assisting customers as we collect data in real time.
>
> (Satell, 2015)

The complete promotional mix or communications mix – the ten communications tools (advertising, selling, sales promotion, PR, sponsorship, direct mail, exhibitions, merchandizing, packaging and word of mouth) – can be used to communicate or promote in the online or offline world. They can all be extended online in new and dynamic ways. Think about their online equivalents. Table 2.1 summarizes the online equivalents of these established communications tools.

Although web sites can be considered a separate communications tool, they are best thought of as an integrator of all ten tools shown in Table 2.1.

Table 2.1 Online executions of different communications tools

	Promotional mix	***Online executions***
1	Advertising	Interactive display ads, Pay Per Click search advertising
2	Selling	Virtual sales staff and chat and affiliate marketing
3	Sales promotion	Incentives, rewards, online loyalty schemes
4	PR	E-news releases, e-newsletters, social networks, links and virals
5	Sponsorship	Sponsoring an online event, site or service
6	Direct mail	Opt-in email, e-alerts, e-newsletters and *web response*
7	Exhibitions	Virtual exhibitions and white paper distribution
8	Merchandizing	Web site design, promotional ad serving on retail sites, personalized recommendations
9	Packaging	Photographs of real packaging displayed online
10	Word of mouth	Social media plus viral, affiliate marketing, e-mail a friend, reviews

Digital Marketing Insight

UGC ads and storytelling – Chevrolet's shift from trad TV to social

Chevy wanted to move from traditional TV spots to using social media to engage customers and prospects (see Ladder of Engagement in Chapter 3) by inviting them to create the next ad (User Generated Content – UGC).

Chevy invited the public to make its next ad. After four weeks it received more than 30,000 entries, the vast majority of which faithfully touted the vehicle's many selling points, plus those rogue entries that subverted the Tahoe message with references to global warming, social irresponsibility, war in Iraq and the psychosexual connotations of extremely large cars. On its own web site, the Tahoe now stood accused of everything but running down the Pillsbury Doughboy – attack ads were piling up on its site, spilling over onto YouTube. Consumer generated ad campaigns always attract some negative reaction.

However, the microsite attracted 629,000 visitors by the time the contest winner was announced. On average, those visitors spent more than nine minutes on the site, and nearly two-thirds of them went on to visit www.chevy.com. For three weeks running, www.chevyapprentice.com funneled more people to the Chevy site than either Google or Yahoo did. Once there, many requested information or left a cookie trail to dealers' sites. Sales took off too, achieving 25 per cent market share, outpacing its nearest competitor, the Ford Expedition, 2 to 1. In March, the month the campaign began, its market share hit nearly 30 per cent. By April, according to auto-information service Edmunds, the average Tahoe was selling in only 46 days (as opposed to four months).

> YouTube is full of unsolicited Chevy 'ads' that are far more sophisticated than anything the Tahoe Apprentice campaign yielded, pro or con. Consumer-generated ads have led to some seriously upside-down behaviour. Brands that once yelled at us now ask what we have to say. No longer content to define our identity (Gap Kids, the Marlboro man), they ask us to help define theirs.

(Rose, 2006)

Meanwhile brand storytelling is used by Ford

From our childhood days we love stories and we still love them even as we mature. Some brands use stories to inject emotion and establish a relationship. You may have heard great stories in conference speeches that have helped to win you over (and speeches are a traditional form of storytelling).

A brand's story can change consumer perceptions, especially if you want people to repeat the narrative on your behalf. 'A good story makes you feel something and is universal. People want to buy a car from a company they relate to and they understand,' he says. 'They want to grasp your values and your commitment to excellence; be inspired and intrigued. Storytelling is the most powerful way to convey these ideas' says European VP Communications and Public Affairs Mark Truby.

Ford stories emphasize its passion for its products. They developed an eight-part documentary on the making of the Focus RS sports car. The episodes went out on YouTube each week and showed how a team of engineers were under immense pressure to deliver a great sports car under very tight deadlines. This included setbacks, conflict, compromises and ultimately success. 'Once you've watched this you can never see an RS on the road again without understanding just how much passion went into creating it.'

Traditional media can be an influential way to express a brand's story. 'I have even heard some great stories in executive speeches that have changed my perception of a company for the better, and a speech is about as traditional as it gets.'

> The best stories tap into people's emotions because someone genuinely connects to what a brand stands for or where it has come from. The marketers who can paint these pictures, add value to the CX, create personal relationships and ultimately establish long-term brand loyalty.
>
> (Hemsley, 2016)

Six Key Promotion Issues

The online promotional challenges that marketers need to respond to can be summarized by the six key issues of the promotional mix, integration, creativity, interaction, globalization and resourcing.

1. Promotional mix

Digital marketers need to mix the *promotional mix*. This involves deciding on the optimum mix for different online promotional tools. Think about whether you use the full range of promotional tools in Table 2.1 (above) and whether you are using the most cost-effective techniques for acquiring and retaining your target customers.

Digital Marketing Insight

Blogs – a powerful tool in the promotional mix

When Renault wanted to promote its new range of cars, it invited 13 bloggers from France, Germany, Great Britain, Italy and Spain writing about high-tech, trends, innovation and scientific themes to a conference session by CEO Carlos Ghosn and tests of vehicles in the ZE range. This generated 22 articles delivering 900,000 exposures to the message whilst

boosting Renault's visibility on social networks and simultaneously bumping up its search engine rankings.

(Chaffey, 2011)

2. Integration

Both online and offline communications must be integrated. All communications should support the overall positioning and *online value proposition* which the digital marketing strategy drives.

You need a single consistent message and a single integrated database – which recognizes and remembers customers' names, needs and any dialogue regardless of which devices and platforms are being used.

Online integration is difficult enough. Online and offline integration requires even more management skills.

3. Creativity

Today's marketer can exploit the vast untapped creative opportunities presented online. The only limitation is your imagination. Imagine sponsoring a virtual experience. Or sending opt-in e-mails that make customers sit up and take action immediately. Or creating a 'must have' viral that becomes a 'must share' viral. Or developing an automated, interactive sequence of contacts that is so relevant and helpful that it doubles sales.

Digital Marketing Insight

Ten golden rules of IMC

1. Get management support for integrated marketing communications (IMC) by ensuring they understand its benefits to the organization.
2. Integrate at different levels by putting IMC on the agenda of different meetings; integrate horizontally between managers in different functions such as distribution and production; and ensure that PR, advertising and sales are integrating their efforts.
3. Maintain common visual standards for logos, typefaces and colours.
4. Focus on a clear marketing communications strategy. Have clear communications objectives. Have clear positioning statements. Link core values into every communication.
5. Start with a zero budget – build a new communications plan by specifying the resources needed and prioritizing communications activity accordingly.
6. Think customers first. Identify the stages before, during and after each purchase and develop a sequence of communications activities that help the customers through each stage.
7. Build relationships and brand values. All communications should strengthen customer relationships. Ask how each communication tool enables you to do this. Customer retention is as important as customer acquisition.
8. Develop a good marketing information system which defines who needs what information when. IMC defines, collects and shares vital information.
9. Share artwork and other media. Consider how advertising imagery can be used across mail shots, new releases and the web site.
10. Be prepared to change it all. Constantly search for the best communications mix.

(Smith and Zook, 2016)

Of course, creativity must fit the overall communications strategy relevant to a specific target market and positioning consistent with the overall brand positioning.

4. Interaction

Next comes the extra layer of creativity – interaction (or engagement). This is where the online opportunity can really create some 'sizzle'. This enhances the experience and deepens the impact (and also creates an opportunity to collect customer data). As mentioned in Chapter 1, 95 per cent of Facebook posts are ignored by brands despite the fact that the more people that are interacting, commenting and clicking, the more news feeds you will appear on.

So 'Enable your wall, or get off of Facebook' (Rezab, 2011).

Systematic harvesting and presenting of customer reviews is a process which can be managed by third-party companies like Reevoo. The reviews then appear wherever a product appears for sale online. Collecting reviews, posting them wherever the product is displayed, encouraging customers to write and share their reviews have a powerful impact on sales. One test suggested that increasing reviews up to 50 boosts conversion rates from 2 per cent to 4 per cent, due to the effect of 'social proof'. See Chapter 3 on digital models.

5. Globalization

Then, of course, there are the added complications of a global audience. Web sites and social media platforms give a global audience access to your promotions. Caution needs to be exercised when entering international markets. See the Priceline Digital Marketing Excellence box below for some

examples of the cultural and business practices that need to be considered for the Japanese market. Also see Chapter 4 on digital customers for examples of localized brand names that restrict sales in international markets.

Digital Marketing Excellence

Adjusting the offering for the Japanese market

When Priceline (www.priceline.com) tried to enter the Japanese market, they hit a number of barriers. These still serve as a lesson and reminder of the need for adopting to local cultures.

1. Web site design – Japanese read from right to left.
2. Profit margins – Japanese negotiate fiercely. They do thorough research. Priceline may not get such good margins in this market.
3. No cancellations policy – contracts in Japan 'are not perceived as final agreements. Traditionally, if either party has remorse there are renegotiations'.
4. One-hour acceptance or rejection of bids – Japanese don't like to make snap decisions.
5. Bargain hunting – bargaining and price hunting is not talked about. Talking about haggling is tacky.
6. Customer service – it is useful to know whether your Japanese friend has understood you or not.
7. Giveaways – avoid giving gifts in Japan with an even number of components, such as an even number of flowers in a bouquet. Never give four of anything.

6. Resourcing

The online communications opportunity is infinite. However, resources required to design and maintain content marketing, service interactions and the database are not infinite. Resources are also needed to service customer enquiries whether online or offline.

Social CRM can prove to be an extremely cost effective and customer satisfying channel as some organizations service customers online via Twitter and Facebook, often using canned messages (pre-prepared responses or reactions to topics or issues that emerge online). This can be far more effective than telephone CRM. Resourcing needs to be planned carefully and you must expect to grow social media resources over time. Why bother? With the right resources, online promotions – and, in particular, social media resources – can boost awareness, affection, preferences and relationships, which ultimately build stronger brands, and which in turn build sales, give early warning signs and generate free market research (customer feedback).

The rush to develop, for example, a Facebook presence without a plan, systems and processes, and even resources is dangerous. Develop a plan that includes a content plan, response plan, data plan (what to do with the data), processes (checking Facebook routinely) and people who are trained, briefed and motivated.

Even ensuring consistent use of the brand requires time, energy and money.

Finally, remember that all communications are wasted if the rest of the mix is wrong; for example, great promotions cannot save a poorly targeted product.

Section Summary 2.8

Promotion

Table 2.2 Digital marketing checklist – integrated communications

1	Does senior management support integrated marketing communications and the importance of the brand?
2	Do you integrate at different levels by putting IMC and the brand on the agenda of different meetings; horizontally between managers in different functions such as distribution and production, the web master and the sales team, etc.?
3	Do you have design guidelines or a brand book which maintains common visual standards for logos, typefaces and colours?
4	Is there a clear marketing communications strategy with clearly defined brand values, brand positioning and brand personality which is linked into the core of every communication?
5	Do you start from scratch with a zero budget and define exactly what is required – build a new communications plan by specifying the resources needed and prioritizing communications activity accordingly?
6	Do you think customers first and identify a contact strategy (a sequence of communications) for different customer segments who are at different stages in the customer lifecycle?
7	Do you build relationships and brand values with all communications? Do you ask: 'How does this help the customer? Does this strengthen my brand?'
8	Do you have a good marketing information system which defines, first, who needs what information when and, second, which communications tools are working better than others?
9	Do you always consider how campaigns and traffic-generating ideas can be integrated with other tools and techniques? Do you share artwork across all the communications mix – both online and offline?

10	Are you prepared constantly to improve by closely monitoring what works and optimizing the best communications tools?

All ten communications tools should be reviewed for how they can be extended and enriched online. See 'The Tactical Matrix' (Smith, 2014) to explore the advantages and disadvantages of each of the ten promotional tools. Online communications challenges include: mix, integration, creativity, globalization and resourcing. Take advantage of the characteristics of the new media through promotion that is dynamic, carefully targeted, highly relevant and helps to build an ongoing relationship based on the permission and trust of the customer. Use the checklist in Table 2.2 to assess how integrated your communications are.

2.9 People

In services marketing, people, or staff, are considered a crucial element of the marketing mix. As more products add online services to enhance their offerings, 'people' become more and more important. By the end of this section, you will understand how service needs a balance of people and automation and what the key management challenges are.

Why are People Important?

As well as experience of the marketplace, people (and process) are key – real people, real buildings and established integrated systems that deliver goods and services. People are important since everyone in your organization is an ambassador and a sales person for your company. People do business with people. Hence IBM coined the phrase 'Social Business', which includes almost all staff engaging in conversations, solving problems, giving service and making sales courtesy of social media platforms.

Given that everyone represents the company, you can see the importance of having happy staff.

> Happy Staff = Happy Customers = Happy Shareholders

The challenge, of course, is to recruit the right people, train them (including brand values and social media best practice) and reward or motivate them appropriately. The real issue is that we have gotten worse at customer service (as highlighted in Chapters 1, 4 and 8). We are sitting on a customer service time bomb. This is in a turbulent environment where customer expectations are rising and, often, satisfying these rising expectations is not enough to keep customers loyal. However, we ignore customer service at our peril.

Delivering Online Service

Remember the 90:10 ratio? Some suggest that web sites should adopt the 90:10 ratio as the value or service to sales pitch ratio. This implies that the bulk, 90 per cent, of your web site should be designed to service customers.

How well does your site make use of the following?

- *Auto-responders.* These automatically generate a response when a customer emails an organization or submits an online form. This is the most basic form of marketing automation. See Chapters 3 and 8 for more on marketing automation.
- *Email/text alert.* Automatically generated by a company's systems to update customers on the status of their order; for example, order received, item now in stock, order dispatched.
- *Call-back facility.* Customers fill in their phone number on a form and specify a convenient time to be contacted. Dialling from a representative in the call centre occurs automatically at the appointed time and the company pays, which is popular.

- *Real-time live chat.* A customer support operator in a call centre can type responses to a site visitor's questions; for example, a widely deployed technology such as LivePerson (www.liveperson.com).
- *Frequently asked questions (FAQs).* For these, the art is in compiling and categorizing the questions so that customers can easily find (a) the question and (b) a helpful answer.
- *Ask and answer services.* These provide a moderated service where customers help each other by answering each other's questions.
- *Co-browsing.* Here, the customer's screen can be viewed by the call-centre operator in combination with callback or chat.
- *Virtual assistants.* These come in varying degrees of sophistication and usually help to guide the customer through a maze of choices.
- *Customer reviewers and assistants.* Online social media enable organizations to recruit customers to help shape their service for other customers through reviews and comments.
- *Tailored customer landing pages.* For example, to create a specific landing page for, say, a variety of different propositions, or even keyphrases used in a Pay Per Click (PPC) campaign; i.e. each phrase links to a slightly different landing page which highlights a particular keyphrase or proposition.

People V Automation – is Automation Always Best?

The concept of '*customer self-service*' is prevalent in digital-marketing. Customer self-service should enable customers to get the information they need faster (while reducing costs for the business). However, we need to pause and ask how many customers want to engage in self-service online.

Some online customer segments just want to browse, others want to find specific information and others again want to buy or get customer support. Of the segment that wants to buy, a sub-segment wants to buy offline and needs personal contact either via a phonecall or a visit from a sales person.

Alternatively, they cannot find the information they need online in the *FAQs* or via the web site's own search engine. At this point, the customer will want to contact (or be contacted by) the company by chat, phone or email. These *inbound contact strategies* aim to control the volume and medium of enquiries and responses. Responses may be delivered by *auto-responders*, email, phone or real-time chat with sales staff. Clear indications have to be given as to when the service is available and, to manage demand, services are often only promoted when visitors are more engaged with the site. Some companies offering complex products have found a benefit in automatically displaying a chat window automatically after a customer has been on a page for a certain length of time.

Many companies use an inbound contact strategy of customer choice or *'customer preferred channel'*. The easyJet Digital Marketing Excellence box in Section 1.7 shows that you can give customers a choice, but steer them towards using the web site as a contact tool.

A key figure for measuring the effectiveness of your inbound contact strategy is the average number of contacts needed to resolve an issue. Remember that many questions will not be answered by the first email or text (but they should be answered fully in one telephone call or one chat session). Companies need to decide whether the best strategy is to switch the customer to phone or online chat to resolve the issue, rather than bouncing multiple emails between the customer and the contact centre. Two-way interactions such as voice, online chat and co-browsing (where the customer's screen can be viewed by the call-centre operator) will be more effective in resolving an issue immediately. Automated marketing and digital body language can be very effective too in identifying specific needs and auto responding via dynamic content, pop-ups, instant chats, subsequent emails, or sales people offering to help. Alternatively, social CRM can solve issues being posted or tweeted about on various social media platforms by using canned (pre-prepared) responses tailored for a range of different issues. These can be cut and pasted very quickly by staff or

intelligent systems that identify the specific issue by recognizing particular keyphrases (see Section 2.11 on Process).

Keeping Content Fresh

Many organizations now have many thousands of web pages (sometimes in several languages as well as different versions for mobiles as well as PC / laptop). Keeping the content fresh, up to date and relevant to the customer has significant management and resource implications. We will see later how *content management systems (CMSs)* are essential to the consistency and management of any large site, since they enable *content owners* in different parts of the organization to update the content they are responsible for. They also provide workflow facilities which can automatically prompt a content owner to update content and use email to remind other staff to review and authorize publication. But having the right technology is only part of the story. Managers of content owners must have strategies to keep content fresh. These may include:

1. *Regular update dates* such as the start of month for some content types like news or promotions.
2. *Triggers for publication.* Every new press release or product or price change must go on-site.
3. *Ownership of content in job description.* The quality of content, including freshness, is part of staff performance appraisal (this is a 'stick' approach).
4. *Explaining benefits of content update to content owners.* Showing that updates will save the content owner time; e.g. in explaining things on the phone or by helping them sell more (this is a 'carrot' approach).
5. *Using the CMS to set content expiry dates.* For certain content types, expiry dates can be set and an email alert sent to the content owner.
6. *Publish dates of when pages on-site were last updated.* Some organizations use a chart to show which pages are updated least

frequently to shame staff into taking ownership!

7 *Real-time content delivery* takes articles or items from a database, so partially automating the update process (the database still needs to be updated).

Training and Resourcing

Of course, staff need to be trained and motivated whether they man the web site, the telephones, the field sales or the reception. What happens if a web transaction fails and the customer calls the centre? Can call-centre staff access the database to complete the transaction, or do they have to collect all the details again? Can call-centre staff be retrained to service customers via Livechat, Facebook or other social media platforms (see Chapter 8 for an example of how switching resources from phones to Facebook can be very effective in speedily solving problems and boosting customer relationships – if staff are suitably trained in content and systems/processes)? A seamless, integrated contact database is also required.

A key resourcing issue is whether to identify specific staff to handle contacts from different channels or whether to empower staff to answer questions from a variety of channels. Current thinking suggests that the latter approach is best since this increases the variety of work and results in more knowledgeable staff who can answer customers' queries more effectively.

It is worth investing in continual staff training as well as in online tools. Benchmark research from Harvard (Kotter and Heskett, 1992) revealed that companies which invest in all three key stakeholders (employees, customers and shareholders) out-perform those that invest in only two or fewer.

Finally, internal marketing (motivation, training and communication) needs to be budgeted for to ensure staff are always capable of, and want to, deliver an excellent CX.

Section Summary 2.9

People

People / staff are important. In fact, excellent service – before, during and after a sale – is required if repeat business is to be enjoyed. Contact strategies should be developed that give customers a choice of contact, but minimize costly interactions with staff. Automated services help, but people are also required. Beware of the customer service time bomb. It is a delicate balancing act, but bear them both in mind when integrating online and offline marketing activities. Recruitment, training, motivation and communication are required. And remember, happy staff = happy customers = happy shareholders.

2.10 Physical evidence

The aim of this section is to highlight the different aspects of physical evidence online and to ensure you have these in place.

What is Online Physical Evidence?

As services are intangible, customers look for reassurance that the service is going to be alright. They look for cues such as a well-designed site (including endorsements and demonstrations of expertise or excellence) to give them clues about the quality of the intangible service.

In the offline world, physical evidence includes buildings, uniforms, logos and more. In the online world, the evidence is digital. Imagine the impression that a broken window would give to a customer. Similarly, an

email, a web site, an app or a virtual experience with a typo sends the same worrying messages.

In the online world, customers look for other cues and clues to reassure themselves about the organization. So, first, a reassuring sense of order is required. This means that web sites, for example, should be designed in an uncluttered style with a consistent look and feel that customers feel comfortable with, as explained in Chapter 6 on site design. Remember that you need to win a visitor's trust, as you are about to ask them for three new currencies: their time, their privacy (data) and their credit card (security).

Winning a customer's trust (with physical evidences)

So, here are some factors that reassure nervous visitors:

- Ratings and reviews
- Guarantees
- Refund policies
- Privacy policies
- Security icons
- Trade and professional body memberships
- Awards
- Customer lists
- Customer endorsements
- Third-party/institutional endorsements
- International Standards (ISO)
- Independent reviews
- News clippings
- Ethical policies
- Community links
- Full address and contact details (you are legally obliged to do this if you are selling anything from the site)

- Text only version
- Error-free (proof-read everything)
- Reliable response systems.

Plus the big four reasons why people come back to a site:

- High-quality content
- Ease of use (navigation)
- Quick download (Note: mobile)
- Frequently updated content.

Physical evidence should help to integrate the online and offline world. Many retailers such as the Carphone Warehouse (www.carphonewarehouse.com) use coupons printed out online which can be redeemed for a discount at a store. This helps conversion-to-sale rates and also tracks how the online presence is impacting the offline sales.

Remember that physical evidence emerges in the offline world – if goods and services are delivered offline, then the normal physical evidence is required; i.e. professional packaging, paperwork, delivery vehicles and uniforms can all reinforce the right message.

Equally they can damage the brand if they are not managed. Imagine a scruffy delivery person in a filthy, broken-down van belching fumes stopping outside your home or office. The offline evidence would damage the online evidence. So, both need to be managed carefully.

Section Summary 2.10

Physical evidence

Customers look for online cues and clues for reassurance whether on a web site, an app, a virtual experience or even an email. Design, layout and professionally proofed quality content offer a reassurance which can be delivered via reviews, ratings, guarantees, refund policies, privacy policies, security icons, trade body memberships, awards, customer lists, customer endorsements, independent reviews, news clippings and more.

Offline activities can also provide reassurance in the form of professional-looking buildings, delivery vans and uniforms. Evidence, whether physical or digital, needs to be managed constantly.

2.11 Process

Process refers to the internal and sometimes external processes, transactions and internal communications that are required to run a business. Products morph into services (with added digital value being layered on top of the basic product) and services are dependent on excellent processes, since the process of production and consumption are often simultaneous (unlike pure products which are produced privately behind factory gates). Excellent execution of these is vital. By the end of this section, you will be able to identify the components of 'process' and understand how they need to be integrated into a database. Given that we are sitting on a customer service time bomb (see Chapter 8), there is a golden opportunity to develop lifetime customers through deep and engaging customer service processes online.

The Importance of Process

How many people do you know who have had bad experiences online with major brands? How many have you had yourself in the last year? Unintegrated web sites create problems, as exemplified by US online toy

stores whose web sites and associated processes did not link into an information system explaining to customers when stocks were unavailable. Add in social media and the importance of having crystal-clear processes that work for both the customer and the staff becomes even more important.

Developing a systematic listening team as well as a system to use the information means organizing details such as who monitors what; who compiles the analysis and the reports; who responds to comments on blogs and in group discussions on LinkedIn; who analyzes the comments, complaints, suggestions, worries, issues and opportunities; what happens to this information; what kind of decisions does it affect; and how often. Processes become the key to success in the new approach to making strategic sense of social media chaos in the Ladder of Engagement (Smith and Zook, 2011), as demonstrated in the next chapter.

Traditional offline services have processes continually on view, with the manufacturing process for goods behind closed doors. Online services and their process of production are not as visible since many of the processes operate in systems unseen by the customer. Some of the process, or system, is on view, like menus, form filling, shopping baskets, follow-up emails and, of course, the interactions on web sites. It is on this part of the process and its outputs that customers will judge service.

It seems that many companies have not yet learned how to optimize these processes – SmartInsights suggest 80 per cent of potential buyers exit before they make their purchase. This suggests that ordering is too complicated or confusing, or the processing system simply doesn't work smoothly.

Optimizing Internal Processes

To understand the importance of process, consider a simple online enquiry and subsequent online sale of a book. How should the system work? Think

about which events or actions need to take place for the order to be fulfilled and for the customer to be satisfied.

These are some of the events that need to happen, and they must be backed up by an efficient, seamless process:

- *Customer wants to check availability*. Does the site show the number in stock and when next available if out of stock? See Dabs.com (www.dabs.com now owned by shop.bt.com) for good practice.
- *Product specification or price is changed*. Is the change seamlessly reflected in the web site and price lists or catalogues?
- *Customer places order*. Is the site updated to indicate the changed number in stock? Is the customer notified by email that their order has been processed? Is the finance system updated to include the new order within the month's revenue?
- *Customer makes email enquiry*. Can the system cope when a wave of telephone calls and emails hits and respond promptly and accurately?
- *Product dispatched*. Is the customer notified of this event by email? Can they track their order if required?

Optimization involves minimizing the people involved with responding to each event and providing them with the right information to serve the customer. Minimizing human resources can occur through redesigning the processes and/or automating them through technology. The problem is that many sites simply do not have efficient systems in place. They lack the logistical and fulfilment infrastructure required to trade online.

Processes continue beyond the sale with after-sales service, generating customer feedback (and most importantly, reviews and ratings), upselling, cross-selling, product development (see the Ladder of Engagement in Chapter 3) and improvement built in as part of the processes.

The front-end customer interface – whether this is a web site, interactive TV screen, mobile phone screen or even a telephone sales person – must

integrate with the back-end systems which are out of sight in the back offices and warehouse. This is easier said than done.

A well-managed process integrates into the business processes and systems which, in turn, shave costs, slash inventories and save time. Some companies take orders and payment immediately and ask third-party suppliers to supply directly. So stock (and working capital required to fund stock) is reduced to zero. In fact, because the company receives payment from the customer and doesn't pay the supplier for 30 or 60 days, the company generates surplus cash. This creates negative working capital because instead of having to fund stock with working capital, the supply process is so tight it generates its own funds.

Digital Marketing Insight

Automated marketing and digital body language

Automated 'Sense and Respond' marketing looks at the behaviour of a visitor (or a group of visitors) and sets rules to generate automated responses; e.g. if Visitor A visits several pages including the shopping basket, but does not purchase, they will get an automatic email with an offer of help (whether a sales call or more information or asking if they needed any particular information), whereas visitor B who downloads a white paper and spends several minutes on the product details page will get a different email offering additional information or personal advice from an engineer. The rules become a set of processes that allow highly relevant information or questions to be sent to the prospect to help them and move them towards the next step of the buying process. Visitor C may already have bought a product, but will be pleasantly surprised when an email arrives asking if everything is ok and if they'd

like any more information regarding the page they visited. It's all about helping prospects and customers.

Optimizing External Processes

Reviewing processes and systems can help organizations to radically redesign supply and distribution chains, and in the process, compete much more effectively.

For many organizations, Jack Welsh's original internal slogan 'Destroy Your Business.com' ('before the dotcoms do!') makes a lot of sense just from the process side alone. Reinvent the business process so that it's faster, lighter on resources and, most importantly, makes the customer happy.

Classic marketing empathizes with the customer – what kind of problems, priorities and procedures do they need? What will delight them? Then build the process that caters for the many diverse types of customers out there.

Digital Marketing Insight

5,000 times faster banking process creates competitive advantage

Disruptive financial technology start-up, Kabbage, has a 5,000 times faster process for setting up a small business loan. It takes just seven minutes to set it up (Xavier *et al.*, 2015)! This is a great customer experience; i.e. the product is integrated with the process. And the product is iterating continually (non-linear design process, fast prototypes, early customer feedback and continuous iterations / improvements.

It's no wonder that customers' experiences with technology companies have altered their behavior but also raised their expectations about how interactions with all businesses should work.

(Walchek, 2015)

A survey conducted by Ipsos and LinkedIn (2015) found, some 67 per cent of affluent millennials are open to using non-financial-services brands. This is significant particularly since Millennials are projected to inherit at least $41 trillion through mid-century.

(Havens and Schervish, 2011)

Section Summary 2.11

Process

Good processes and systems can create competitive advantage. There are lots of poor processes that kill sales and damage the brand. Processes can have a huge impact on your organization.

2.12 An extra 'P' – partnerships

Perhaps there is a new P in the mix, 'partnerships' or marketing marriages or alliances. Kenichi Ohmae (Smith, 1996) said that no company can succeed globally without partners. Most organizations today would agree with this and have staff dedicated to partnership marketing. It is not surprising, a few years after Ohmae's comment, to find award-winning digital marketing campaigns revealing a common pattern – partnerships. Although increasingly important in the offline world of marketing, clever partnerships

are also emerging as keys that open the doors to vast new markets. Hence the emergence of alliance managers. Here are a few examples:

Ford Galaxy teamed up with Tesco and AOL to gain access to a million new online customers within its target audience of 30–44-year-old women with children. Ford also wanted to be associated with brands that have already improved its target audience's lives.

MUtv (the TV channel devoted to Manchester United) partnered with Sky and Century Radio in an attempt to develop its product so it could create an exciting proposition which quickly attracted 379,000 unique users in 98 countries. Combine this with MORI's estimated MUFC global fan base of 70 million and you can see the potential.

In the online world, many retailers now have staff dedicated to managing online partnerships, particularly for *affiliate marketing*, which is covered in Chapter 7.

Some companies have people specializing in partnerships; other companies employ agencies to be their partners or even agencies to find their partners, whether through a blogger out-reach programme (to connect with more bloggers) or an affiliate marketing campaign (to recruit more affiliate marketers). There is no doubt that partnerships need to be identified, recruited and nurtured for success.

Digital Marketing Insight

Live 8 and O_2 team up

The highly innovative and highly effective partnership between the Live 8 charity and O_2, the mobile service provider, proved that partnerships can achieve what previously seemed impossible.

Situation

The twentieth anniversary of Live Aid saw the hastily prepared Live 8 event snatching global headlines. Live 8 needed to raise over £1 million, promote its concert, create a way of selecting over 100,000 concert ticket holders and then distribute the tickets – all within two weeks. O2 approached Live 8 and offered to run the ticketing process via text. The operator realized that the Live 8 concert was going to be the biggest music event for 20 years and that demand for tickets would outweigh supply.

Objective

1 To develop a fair mechanism to select 130,000 guests for the Live 8 Charity Concert and ultimately distribute 130,000 Live 8 concert tickets safely and securely in just two weeks.
2 To raise at least £1.6 million in revenue for Live 8 (to offset some of the costs of putting on the event and distributing 130,000 tickets quickly and securely at low cost).

Strategy

O2 worked with Mobile Interactive Group (MIG), using its Vote Winner platform to run the competition, having publicized the competition questions and the O2 short-code in all national newspapers and on radio and TV stations.

Tactics

The ticket competition entry mechanism went live on 6 June. In order to meet the requirement for a speedy and fair entry process, a multiple-choice question was agreed with Live 8. By 14 June the competition had closed and 66,500 winners were notified via text message that they had won a pair of tickets.

Action

Each winner was sent a unique PIN which they then had to enter at the O2 web site. Each text message entered into the competition cost £1.50, all of which went to Live 8. A standard network charge of between 10p and 12p was applied to all messages to cover network costs. O2 didn't make any money from the project. At its peak the system received 611 messages a second, compared to 500 a second for *Big Brother* (the popular TV show). Within tight deadlines they provided a simple yet effective call-to-action and an excellent customer experience.

Control

The Live 8 ticketing operation was recorded by the *Guinness Book of Records* as the largest-ever text competition. Nearly 2.1 million people entered and the campaign raised over £3 million for the Live 8 Charity Concert for Africa, which went on to raise the political and social profile of Africa's plight and win international financial concessions for Africa, including debt cancellation for many countries.

Section Summary 2.12

An extra 'P' – Partnerships

We cannot do everything ourselves. Partnerships can help enormously, but they require skilled management.

Chapter Summary

1. The marketing mix must be re-examined for the digital world since there are many new opportunities to vary the mix to take advantage of the characteristics of digital media.
2. The main elements of the traditional marketing mix are Product, Price, Place, Promotion, People, Processes and Physical evidence. Alternative models such as the 5Is of Identification, Individualization, Interaction, Integration and Integrity have been developed in recognition of the potential of one-to-one/relationship marketing online.
3. Relationship building and service quality are vital with the trends towards consolidation and commoditization. Building relationships and increasing loyalty are required to increase profitability.
4. The mix is much more dynamic today as prices follow place, and apps, widgets and QR codes add layers to products and expand reach into new places. Promotions-follow-place propositions are constantly optimized and elements are morphing. Overall, the marketing mix is morphing as all the 'Ps' are challenged, improved and merged by new digital technologies.
5. *Product*. Products can be extended online by offering new information-based services and interaction with the brand to create new brand experiences.
6. *Price*. Reduction in market prices and changes in purchase, distribution and usage of products are considered when specifying the place element of the mix. Disintermediation, countermediation and reintermediation are major marketplace changes which must be

responded to. The atomization of content and services through widgets and feed syndication is another trend.

7. *Promotion*. Online options for all elements of the promotional mix – from advertising, selling, sales promotion, PR, sponsorship, direct mail, exhibitions, merchandizing, packaging, to word of mouth – should all be reviewed for the promotion part of the mix. Key issues in devising the promotional mix are integration, interaction, creativity, globalization and resourcing.
8. *People*. People are a significant contributor to the mix since service quality is a key differentiator online or offline. Organizations need to decide on the best balance of automated online customer service and traditional human service to provide customers with service quality and choice while at the same time minimizing service costs. Online social media enable organizations to recruit customers to help shape their service for other customers through reviews and comments.
9. *Physical evidence*. The quality of the site is immediately judged by the physical evidence online, so it is important to reassure customers buying intangible services through a site that meets acceptable standards of speed, ease of use as well as content and other trust factors.
10. *Process*. All processes impact on customers in terms of product and service quality. In the online context, it is particularly important to revise processes by integrating front- and back-office systems to provide an efficient response to customer support requests and fulfilment.
11. *Partnerships*. Marketing marriages and alliances can be potent, but need experienced management.

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Self-test

1. For each element of the marketing mix (7Ps), list two differences introduced by the digital world.
2. How appropriate are the 5Is of identification, individualization, interaction, integration and integrity as a replacement for the marketing mix?
3. What is the principal way in which product can be varied through an online presence?
4. Summarize in one sentence how an online presence can be used to enhance brands.
5. Explain the reasons for price transparency and marketing responses to this phenomenon.
6. Describe the relevance of disintermediation and reintermediation to your organization and actions that have been/should be taken.

7. Summarize online applications of advertising, PR, direct selling and word-of-mouth promotional mix tools.
8. Recommend a channel contact strategy for inbound communications to your organization.
9. How does the concept of physical evidence relate to your organization's web site?
10. Assess how your online presence contributes to the main business processes and to what extent they have been streamlined by the move online.
11. What impact do apps, widgets and QR codes have on the marketing mix?

Chapter 3
Digital models

> We've moved from 'The Attention Economy (push)' to 'The Attraction Economy (pull)' to 'The Participation Economy (share)'.
>
> *Roberts (2010)*

Overview

The business world is changing faster than ever before. Old approaches and models are being turned on their head. In this chapter, we show how to assess your online marketplace, review new business, revenue and communications models and develop budget models.

Overall Learning Outcome

By the end of this chapter, you will:

- Appreciate the changing nature of business models because of social media
- Appreciate digital revenue models
- Review and select models which are appropriate for your business.

	CHAPTER TOPIC	LEARNING OBJECTIVE
3.1	Introduction	Outline the changes to existing models and new models
3.2	Online revenue models	Review alternatives for generating revenue, particularly from advertising
3.3	Intermediary models	Understand the role of different intermediaries in influencing online sales
3.4	Attribution models	Assess approaches for reconciling media spend to different digital channels
3.5	Communications models	Describe differences in communications models and how they can be exploited
3.6	Customer information processing models	Assess differences in customer information processing that occur online
3.7	Customer buying process models	Summarize changes to buying models and assess their implications
3.8	Loyalty models	Assess the relevance of new loyalty models
3.9	Social media models	Explain the drivers for the increase in social media
3.10	Social business models and the Ladder of Engagement	Review shifts in the fundamental business model driven by social media

3.1 Introduction to digital models

Whether business models, revenue models, communications models or buying models, old models are being replaced by new and revised models. This chapter explores some of the changes to existing models and shows how

they can be incorporated into digital marketing planning to make sure you are maximizing your online sales and return on investment. Some of the budgeting models we review are also vital for controlling spend in the different online media channels we will cover in Chapter 7 on traffic building.

It is the fluid, flexible and agile businesses that embrace the new models enabled by technology and exploit the opportunities presented by the new economy. 'The best leaders, it turns out, are the most insatiable learners' (Taylor, 2012).

Before exploring the different models, let's clarify what is a model. A model is anything that represents reality. It could be a model aeroplane, a map, a diagram, algebra or a formula. Here, we are particularly interested in descriptive models that describe a process – the current way in which a business operates in its dealings with customers and intermediaries such as media sites or price comparison engines. In Chapter 9, we review changes with other e-business partners like suppliers and distributors.

There are many different implications of change across a variety of models:

- Customers develop new patterns of media consumption and product selection, and brands need to be visible at the right time in the right place as consumers use search engines, review sites and affiliates to choose their preferred supplier. So online marketers need to review their *online marketplace models* to understand their digital marketspace.
- Businesses cross categories as supermarkets become banks, as radical changes to *business models* and *revenue models* are enacted.
- 'Markets become conversations' (Levine *et al.*, 2000), where dialogue between customers and between employee and customer drive the relationships.
- *Value chains* and *distribution channels* are restructured as existing channel partners are bypassed and new channel partners and *value*

networks are formed and reformed.

- Your suppliers or distributors may seek new revenue from online ads and affiliate links and this offers new opportunities for you to reach your audience online.
- Marketing becomes transparent as customers manage the relationship with companies rather than the other way around. Systems and control mechanisms are opened up to customers.
- Brand equity changes from being visually driven to interactively driven.
- Businesses can become what Charles Handy (1995) calls a 'box of contracts', as many functions are outsourced to form a *virtual business*.

Embracing New Models Equips You for Survival

Positive psychologists have shown that some people tend to frame the world optimistically, others pessimistically. Optimists often have an edge: in our (McKinsey) survey, three-quarters of the respondents who were particularly good at positive framing thought they had the right skills to lead change, while only 15 percent of those who weren't thought so.

For leaders who don't naturally see opportunity in change and uncertainty, those conditions create stress. When faced with too much stress (each of us has a different limit), the brain reacts with a modern version of the 'fight, flight, or freeze' instinct that saber-toothed tigers inspired in early humans. This response equips us only for survival, not for coming up with creative solutions. Worse yet, in organizations such behaviour feeds on itself, breeding fear and negativity that can spread and become the cultural norm.

(Barsh* et al., *2010)

Section Summary 3.1

Introduction to digital models

Models describe the process by which business is conducted between an organization, its customers, suppliers, distributors and other stakeholders.

Managers constantly need to review how going 'digital' can change existing models and offer new models that can deliver competitive advantage.

3.2 Online revenue models

A knowledge of the range of options for generating revenue online is useful, both for intermediary sites such as media owners, portals and affiliates and for transactional sites where the main transactional revenue may be supplemented by ad revenue, for example. It is also useful from a media-buying perspective when promoting your site, since when viewed from the reverse direction, these are all options, which we explore further in Chapter 7, that you have for paying for visitors, either when approaching site owners direct or via a media agency. So you need to review the options and select a media mix which delivers the best return on investment (ROI). We present budgets based on these online media selling/buying models in Chapter 10.

In addition to direct selling online and brokering online sales through an auction arrangement, there are nine main ad revenue models that a budding web entrepreneur or established site owner can use to generate revenue.

1. *Revenue from subscription access to content.* A range of documents can be accessed for a period of a month or typically a year. For example, the *Financial Times* online (www.ft.com) has a three-tier subscription model according to the types of content you can access, varying from £100 to £400 per year.
2. *Revenue from Pay Per View access to documents.* Here payment occurs for single access to a document, video or music clip which can be downloaded. It may or may not be protected with a password or DRM. For example, we pay to access detailed best practice guides on Internet marketing from Marketing Sherpa.
3. *Revenue from CPM display advertising on site* (e.g. banner ads, skyscrapers or rich media). CPM stands for 'Cost Per Thousand' where

M denotes 'mille'. The site owner such as FT.com charges advertisers a rate-card price (for example, £50 CPM) according to the number of its ads shown to site visitors. Ads may be served by the site owner's own ad server or more commonly through a third-party ad network service. With display ad networks, space can be bought at a lower rate because it is known as a blind ad buy – CPM rates are lower because it is not known where the ads will be placed.

4 *Revenue from CPC advertising on site (Pay Per Click text ads).* CPC stands for 'Cost Per Click'. Advertisers are charged not simply for the number of times their ads are displayed, but according to the number of times they are clicked. These are typically text ads, similar to sponsored links within a search engine, but delivered over a network of third-party web sites such as Google Adsense (www.google.com/adsense) or MIVA (www.miva.com). Many publisher sites and bloggers use Google Adsense by inserting JavaScript at different points in the page to automatically serve contextual ads related to the content, so a page about email marketing has ads about email services which can be bought on a CPM (site-targeted) or CPC basis.

For us, the search content networks are one of the biggest secrets in online marketing as some advertisers do not realize that their ads can be displayed beyond search engines and so do not get their ads served in this highly targetable network. There is more on cutting-edge advertising techniques, including behavioural targeting and location-based ads v2 in Chapter 7.

5 *Revenue from sponsorship of site sections or content types (typically fixed fee for a period) – fixed price deal, CPA or CPC deal.* A company can pay to advertise a site channel or section. For example, HSBC bank sponsors the Money section on the Orange portal. This type of deal is often struck for a fixed amount per year. It may also be part of a reciprocal arrangement, sometimes known as a 'contra-deal' where

neither party pays. However, it is a negotiated deal, so it may also have Cost Per Acquisition (CPA) or CPC elements.

6 *Affiliate revenue (typically CPA, but could be CPC).* Affiliate revenue is commission-based; for example, Dave Chaffey displays Amazon books on his site http://blog.davechaffey.com and receives around 5 per cent of the cover price as a fee from Amazon. Such an arrangement is sometimes known as CPA. Amazon, and others, offer a tiered scheme where the affiliate is incentivized to gain more revenue the more they sell. Hence this is often called a pay-per-performance ad deal.

Increasingly, this approach is replacing CPM or CPC approaches where the advertiser has more negotiating power. For example, way back in 2005, manufacturing company Unilever started negotiating CPA deals with online publishers where it paid for every email address captured by a campaign rather than a traditional CPM deal.

However, it depends on the power of the publisher, who will often receive more revenue overall for CPM deals. After all, the publisher cannot influence the quality of the ad (the creative message) or the incentivization to click which will affect the clickthrough rate on the ad and therefore the CPM.

7 *Subscriber data access for email marketing.* The data a site owner has about its customers is also potentially valuable since it can send different forms of email to its customers if they have given their permission that they are happy to receive email either from the publisher or third parties. The site owner can charge for adverts placed in its newsletter or can deliver a separate message on behalf of the advertiser (sometimes known as list rental). A related approach is to conduct market research with the site customers.

8 *Access to customers for online research.* An example of a company that uses this approach to attract revenue from surveys is the teen site Dubit.

9 *Freemium models*. In the *freemium model*, free feature-limited or 'taster' access is given to content or an online service. Time-limited trials may also be considered 'freemium', but strictly it refers to a continuously available free service where the majority of customers use your service for free and the minority pay.

The model is most commonly applied to online software services or online publishing. The benefits of the freemium model for the brands operating it are:

- Increased conversion to sale due to ease of conversion from interest to trial of service to paid service (a much smaller proportion will convert to a paid service because of the risk that it may not offer value) – this is dependent on the quality of the service
- Increased awareness of the service through sharing of experiences by freemium users compared to paid users (amplification through network effects)
- Other revenue models are possible through freemium use such as advertising or affiliate. Google is the ultimate example of a freemium service where Adwords is the revenue model.

Disadvantages of this model include the incremental user cost of offering the service although this is likely to be relatively low for digital services. Getting the balance right between free and paid features is difficult. If the service quality or experience is poor, this can potentially damage take-up of paid services.

The Evernote app for capturing ideas and thoughts or the Dropbox filesharing service are other examples of a freemium service. Many millions of people use these services for free and will probably never pay.

Assessing the Best form of Revenue Model

Considering all of these approaches to revenue generation together, the site owner will seek to use the best combination of these techniques to maximize the revenue. To assess how effective different pages or sites in their portfolio are at generating revenue, they will use two approaches.

The first is effective Cost Per Thousand (eCPM). This is a measure of the total revenue the site owner can generate when 1,000 pages are served. Through increasing the number of ad units on each page, this value will increase. This is why you will see some sites which are cluttered with ads. The other way to assess page or site revenue-generating effectiveness is Revenue Per Click (RPC) and the similar Earnings Per Click (EPC), actually based on 100 clicks to make it more meaningful for affiliates who will only generate revenue for a small percentage of clicks out from their sites. Revenue model evaluation spreadsheets based on these variables are available alongside a free planning template from http://bit.ly/smartdownloads.

Digital Marketing Insight

Business models for e-commerce

The revenue model is part of a broader *online business model* which is essential for a new startup online business to define. But it's also important for existing businesses thinking about options to refine their business model or add new services to their offerings in the light of new opportunities made possible by digital media and technology. The Business Model Canvas developed by Osterwalder and Pigneur (2010) is a valuable framework for summarizing strategy for online businesses. It was published as part of a co-creation project involving 470 practitioners from 45 countries. It's also available as an app and

downloadable templates on the Business Model Generation site (www.businessmodelgeneration.com).

The main sections of the canvas, in a logical order to consider them, are:

1. *Value proposition.* This is at the heart of what the business offers to its audiences and is arguably most to important success. More details are provided in a follow-up book by Osterwalder *et al.* (2014) which we also recommend.
2. *Customer segments.* Different target audiences that the value propositions will appeal to. In the business model canvas, the alternatives recommended are mass market, niche market, segmented (broken down further) or a range of diverse segments.
3. *Customer relationships.* The types of relationships that will be formed, for example self-service, automated services, communities or more personal assistance. Co-creation of content may be part of this.
4. *Channels.* The methods by which the organization's services will be delivered and the audiences reached.
5. *Key partners.* To exploit online and offline value networks, forming partnerships gives an opportunity of expanding reach and taking advantage of existing organizations and online influencers that have built an audience.
6. *Activities.* The main activities that need to be performed to deliver the value proposition to develop revenue.
7. *Resources.* Different types of process and people to complete the activities to create and deliver the value proposition.
8. *Cost structure.* Different cost-elements. These should be checked against activities and resources. Costs are classically broken down into fixed and variable costs and economies of scale.
9. *Revenue stream.* This is the method by which a business derives income. Common online options are: ad revenue, subscription

fees, sales of physical or virtual goods or affiliate-based commission arrangements. Licensing and leasing are other alternatives.

An example of how these nine different elements of a business model can be applied is shown in Figure 3.1 below.

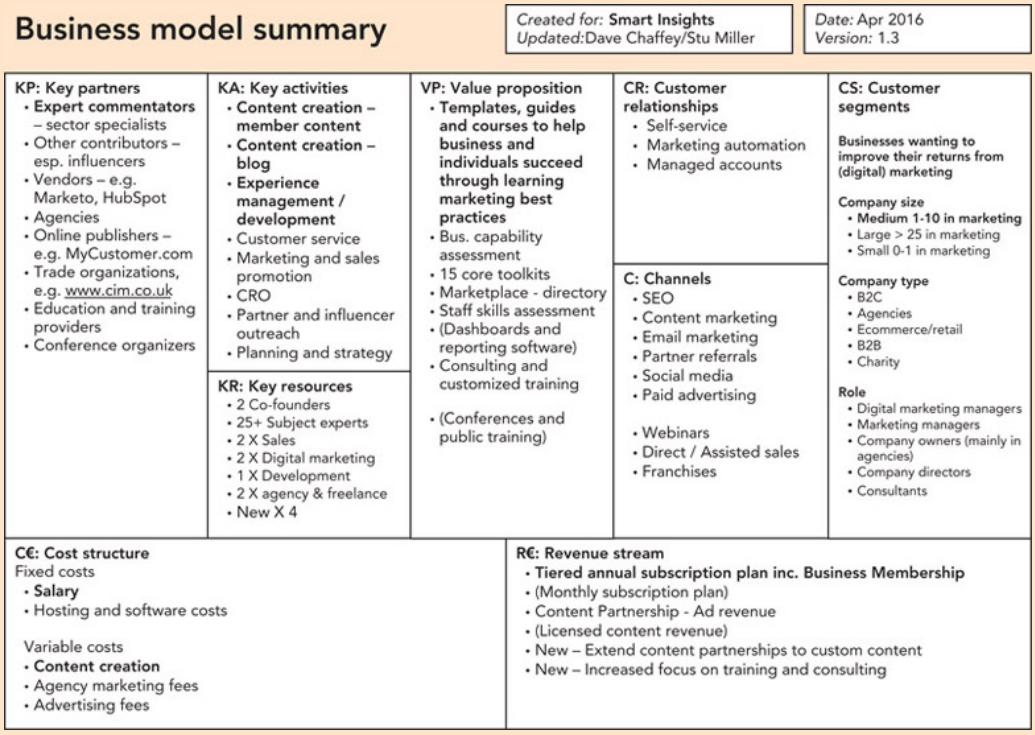

Business model summary
Created for: Smart Insights
Updated:Dave Chaffey/Stu Miller
Date: Apr 2016
Version: 1.3
KP: Key partners
• Expert commentators – sector specialists
• Other contributors – esp. influencers
• Vendors – e.g. Marketo, HubSpot
• Agencies
• Online publishers – e.g. MyCustomer.com
• Trade organizations, e.g. www.cim.co.uk
• Education and training providers
• Conference organizers
KA: Key activities
• Content creation – member content
• Content creation – blog
• Experience management / development
• Customer service
• Marketing and sales promotion
• CRO
• Partner and influencer outreach
• Planning and strategy
KR: Key resources
• 2 Co-founders
• 25+ Subject experts
• 2 X Sales
• 2 X Digital marketing
• 1 X Development
• 2 X agency & freelance
• New X 4
VP: Value proposition
• Templates, guides and courses to help business and individuals succeed through learning marketing best practices
• Bus. capability assessment
• 15 core toolkits
• Marketplace - directory
• Staff skills assessment
• (Dashboards and reporting software)
• Consulting and customized training
• (Conferences and public training)
CR: Customer relationships
• Self-service
• Marketing automation
• Managed accounts
C: Channels
• SEO
• Content marketing
• Email marketing
• Partner referrals
• Social media
• Paid advertising
• Webinars
• Direct / Assisted sales
• Franchises
CS: Customer segments
Businesses wanting to improve their returns from (digital) marketing
Company size
• Medium 1-10 in marketing
• Large > 25 in marketing
• Small 0-1 in marketing
Company type
• B2C
• Agencies
• Ecommerce/retail
• B2B
• Charity
Role
• Digital marketing managers
• Marketing managers
• Company owners (mainly in agencies)
• Company directors
• Consultants
C€: Cost structure
Fixed costs
• Salary
• Hosting and software costs
Variable costs
• Content creation
• Agency marketing fees
• Advertising fees
R€: Revenue stream
• Tiered annual subscription plan inc. Business Membership
• (Monthly subscription plan)
• Content Partnership - Ad revenue
• (Licensed content revenue)
• New – Extend content partnerships to custom content
• New – Increased focus on training and consulting

Figure 3.1 Example business model canvas for Smart Insights

Section Summary 3.2

Online revenue models

There is a wide array of online revenue models for media owners to consider, from traditional CPM and fixed sponsorships through to the upstarts CPC and CPA. With contextual advertising options available from

the main search networks and with the growth of display ad networks, there are now options for all site owners to review their ad revenue potential.

3.3 Intermediary models

It is vital that marketers understand their position in the online marketplace. This is your 'click ecosystem' which describes the flow of online visitors between search engines, media sites, other intermediaries, your competitors and you. Prospects and customers in your online marketplace will naturally turn to search engines to find products, services, brands and entertainment. Search engines act as a distribution system which connects searchers for different phrases to sites. Companies need to analyze consumer use of keyphrases entered from generic searches for products or services, more specific phrases and brand phrases incorporating their brand and competitor names. They also need to assess using services listed later in this section, to discover which online intermediaries or competitors have the best share of these phrases or are popular in their own right as well-known brands that attract visitors directly.

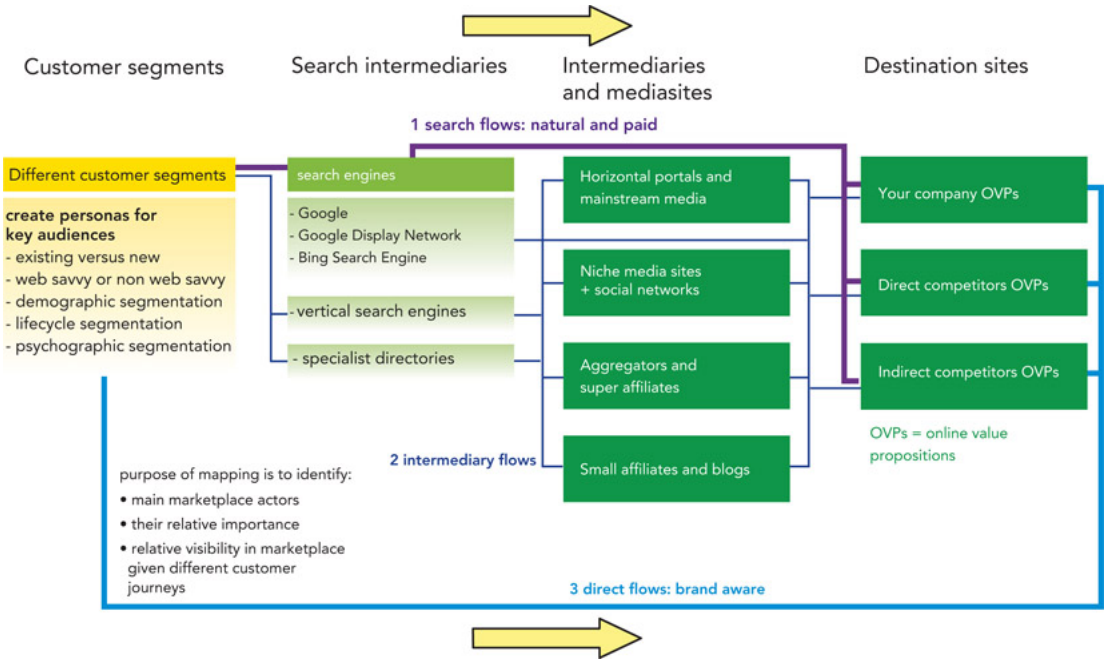
Online marketplace analysis is fundamental to developing a digital marketing strategy for an organization. It is also useful at an early stage in planning an online marketing campaign to indicate which type of sites you plan to partner with for promotion and the type of search terms which may need to be purchased for Pay Per Click advertising.

To help summarize the linkages and traffic flows in your e-marketplace, we urge you to create an e-marketplace map (Figure 3.2). This shows the relative importance of different online intermediaries in the marketplace and the flow of clicks between your different customer segments, your company site(s) and different competitors via the intermediaries. You need to know which sites are effective in harnessing search traffic and either partner with

them or try to grab a slice of the search traffic yourself, as explained in Chapter 7.

Intermediary models introduce some concepts we will refer to more fully in later sections; the main members of the e-marketplace model are:

1 *Customer segments.* To explore the right intermediaries, we need first to identify different segments to understand their online media consumption, buyer behaviour and the type of content and experiences they will be looking for from intermediaries and your web site. Personas are used to understand the preferences, characteristics and online behaviours of different groups as described in Chapters 4 and 6.



gure 3.2 Map showing flow of different audiences via search engines to intermediaries and destination sites

2 *Search intermediaries.* These are the main search engines in each country – typically, Google, Yahoo! and Microsoft Bing, but others are important in some markets such as China (Baidu) and Russia (Yandex). Use audience data from people like comScore (www.comscore.com) to

find out their relative importance in your country. You will need to know the most important phrases and which sites the visitors are directed to. Tools such as the Google Keyword Planner (accessed from https://adwords.google.co.uk/KeywordPlanner) are helpful to determine the popularity of phrases, see keyword ideas and generate ad groups (set of keywords that trigger an ad or ads).

Since search is so important, we recommend creating a 'gap analysis' showing the potential audience against the actual audience for your target keyphrases. You do have a comprehensive keyphrase list of consumer search behaviours? Many don't. Summarize it on a marketplace map.

For example, in the financial sector, MoneySupermarket.com is an important potential partner if you are offering fixed-rate mortgages. The aggregator receives more search clicks than any of the major high street banks or building societies for all searches for fixed-rate mortgages.

3 *Intermediaries and media sites.* Media sites and other intermediaries such as affiliates are often successful in attracting visitors via search or direct since they are mainstream brands. You should assess potential partners in the categories shown in Figure 3.2 such as:

- *Mainstream news media sites or portals.* These include traditional sites, e.g. FT.com or *The Times*, or pure play ones, e.g. Google News, an aggregator
- *Niche/vertical media sites*, e.g. E-consultancy, ClickZ.com in B2B
- *Price comparison sites* (also known as aggregators), e.g. MoneySupermarket.com, Kelkoo, Shopping.com, uSwitch
- *Superaffiliates.* Affiliates gain revenue from a merchant to whom they refer traffic, using a commission-based arrangement based on the proportion of sale or a fixed amount. They are important in e-retail markets, accounting for tens of percent of sales

- *Niche affiliates or bloggers.* These are often individuals, but they may be important influencers; for example, in the UK, Martin Lewis of moneysavingexpert.com receives millions of visits every month. Smaller affiliates and bloggers can be important collectively.

4 *Destination sites.* These are the sites that the marketer is trying to generate visitors for, whether these are transactional sites, like retailers, financial services or travel companies or manufacturers or brands. Figure 3.2 mentions OVP or online value proposition which is a summary of the unique features of the site which are described in more detail in Chapter 2. The OVP is a key aspect to consider within planning – marketers should evaluate their OVPs against those of competitors and think about how they can refine them to develop a unique online experience.

Well-known, trusted brands which have developed customer loyalty are in a good position to succeed online since a common consumer behaviour is to go straight to the site through entering a URL or from a bookmark or email. Alternatively, they may search for the brand or URL.

Practical Digital Marketing Tip

Brand strength

Use web analytics to track the popularity of your brand and how this varies through time with seasonality, offline and online campaigns. You can also see the number of direct visitors arriving straight on the site. You can also access reports showing visitors searching on your brand name, your URL, misspellings and in combination with different products. You need to protect your brand from 'brand hijacking' in the search engines, as described in Chapter 7.

The Long Tail Marketplace Model (Zipf's Law)

The significance of the long tail model was brought to prominence by Chris Anderson's book *The Long Tail* and his blog (www.thelongtail.com). We introduced it in Chapter 2. Formerly known as Zipf's law, it refers to any large collection of items ordered by size or popularity. It describes how the frequency or popularity of items declines in a regular way. It is known as the long tail phenomenon since although a handful of items are very popular, there are many, many others which, although not popular individually, collectively can be important if marketers want their services to appeal to a range of potential customers. Niche goods and services can be as economically attractive as mainstream goods and services since the potential aggregate size of the many small markets can be large. Furthermore, profitability may be greater on the tail. See Chapter 4, Section 4.1 for more on the long tail.

Digital Marketing Insight

About Zipf's law

Zipf's law states that in a large collection ordered or ranked by popularity, the second item will be around half the popularity of the first one, and the third item will be about a third of the popularity of the first one. In general:

> The kth item is 1/k the popularity of the first

Zipf's law can be applied to describe the exponential decrease in preferences for using, selecting or purchasing from a choice of items. Since the tail is long, it is a mistake to concentrate marketing efforts only on the most popular items since many customers or prospects will have a different behaviour and will have different content or product

preferences. The flip side of this logic is that if you have limited resources, you should concentrate your efforts on the head.

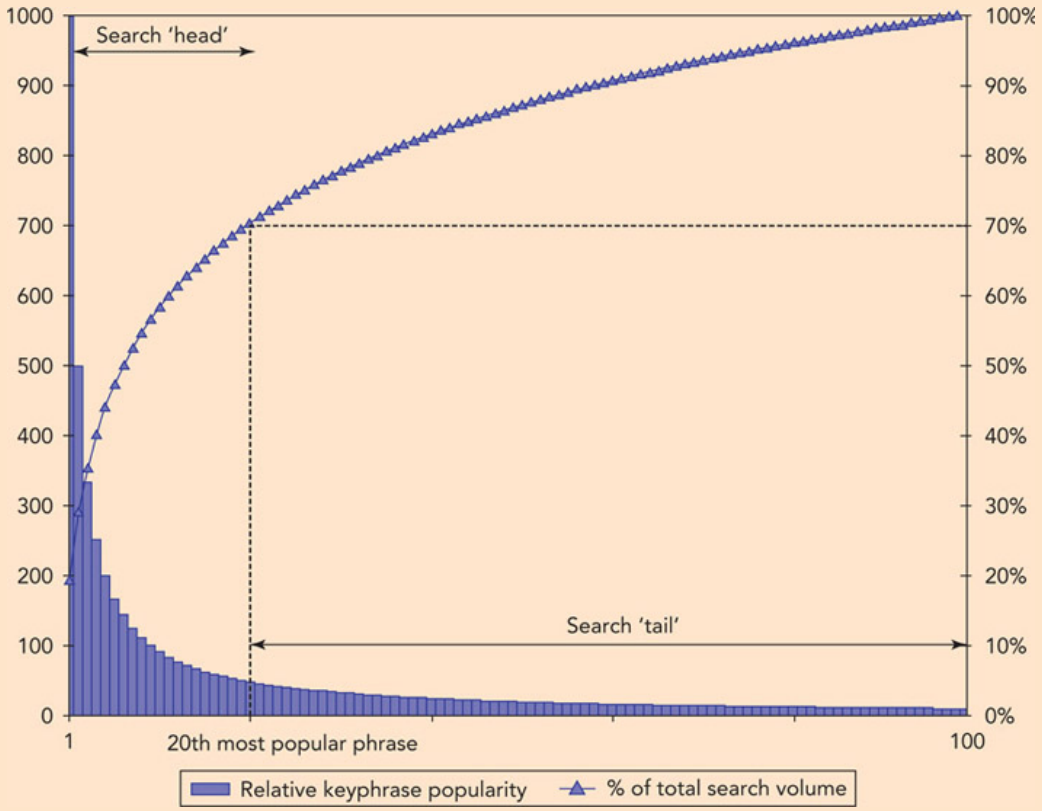


Figure 3.3 Chart showing typical 'long tail' pattern of decline in relative keyphrase popularity

Digital marketers will encounter the long tail a lot. Here are some of the situations, and the implications:

1 *Popularity of search terms within a category or for an individual site.* A typical pattern is shown in Figure 3.3. Implication: keyphrase analysis used to determine search engine optimization and Pay Per Click marketing is most effective when hundreds of potential phrases are analyzed for each customer need, rather than only the five or ten top keyphrases.

We have found these tips for targeting the long tail through search include:

- Target keyphrases with four or more keywords through SEO and Pay Per Click; within SEO, refer to these longer phrases within the <title> of your web page or blog posting
- Use the Google Keyword Planner Tool (https://adwords.google.com/KeywordPlanner) to identify different qualifiers such as 'geography' used to search for a more common phrase; e.g. 'marketing recruitment Manchester' is a geographic qualifier
- Use synonyms; e.g. include reference to online marketing, digital marketing and Internet marketing within an article
- Target singular and plural versions – users will search for each.

2 *Popularity of content within a web site*. Implication: the more pages you have with different content relevant to your audience, the more likely you are to meet the needs of your diverse audience and the more they will engage with the content. But you should use your web analytics package to identify the top 20 pages which are most visited and then make sure they are effective in communicating your key messages and achieving the actions you are looking for.

3 *The popularity of items purchased from an e-retail site*. Implication: a larger inventory will result in more sales. Higher profit margins are possible for less popular items since consumers may be prepared to pay more for difficult-to-obtain items. Chris Anderson (2006) discusses this effect at length in his book *The Long Tail*.

4 *The popularity of web sites in a category measured through unique visitors*. Implication: the e-communications channels we cover in Chapter 7 such as interactive advertising, affiliate marketing and link building can be used to take advantage of the long tail. Using such techniques to communicate with potential visitors visiting niche sites like blogs and specialist directories can be a relatively low-cost way to achieve reach in comparison to expenditure on the top ten portals of the web or a category.

Section Summary 3.3

Intermediary models

Analysis of your online marketplace can help you to understand customer behaviour in order to identify potential search terms with which you should promote your company and also potential partner sites or media buys.

3.4 Attribution models

We know that different customers buy in different ways. Some visit your web site just once and immediately buy (this makes analyzing what works easy). Others visit several times before buying (or 'converting'). Some visitors actually remember and insert a specific web address (URL) into a browser and arrive at a site 'directly'. Or, as is often the case, they perform multiple searches and will be referred by different types of sites. Different customers take different journeys (using different channels) to buy the same product. Channels include display ads; paid search (PPC); email; partners/affiliates/blog links; online PR; social media platforms, etc. Conversion means achieving a goal which could be making a sale, or a customer making an enquiry, taking a trial, registering for a newsletter, registering for blog post updates, etc.

Digital Marketing Insight

Purchase intent jumps after first visit

Achieving and measuring repeat visits is worthwhile, since according to Flores and Eltvedt (2005), on average, purchase intent sees a double digit increase after someone has been to a site more than once.

Setting up clear 'Goals' in Google Analytics is the first step to understanding which sources of traffic, and which campaigns, are most effective. The second step *is tagging different media channels as explained in* *Chapter 7* (see Digital Marketing Insight box – Reviewing different types of traffic sources with web analytics).

You cannot build the best picture of which channels are influencing sales if your agencies are using different tracking tools and reporting separately on different media channels; for example, the ad agency reports on display advertising, the search agency on Pay Per Click, the affiliate manager on affiliate sales. Instead, it is important to use a unified tracking system which typically uses common tags across all media channels. Common unified tracking solutions are available from the likes of Microsoft (Atlas), Google (DoubleClick DART) and Google Analytics Multi-Channel Funnels feature for reviewing attribution.

To simplify the understanding of media effectiveness, for companies with a unified tracking method, a common approach is to attribute or credit the sale or other outcome to the last click, in this case, affiliate 2. This is a good approach in that it avoids double counting – a marketer wouldn't want to credit both affiliate 1 and affiliate 2 with 5 per cent commission on basket value. However, it doesn't reflect the role of the mix of media such as display advertising and natural search in influencing the sale. A common phenomenon in online advertising is the display advertising *halo effect* where display ads indirectly influence sales. These are sometimes known as 'view-throughs' or post-impression effects. A more sophisticated approach is to weight the responsibility for sales across several different referrers. Consider just the affiliates – affiliate 1 might be credited with 30 per cent of the sales value and affiliate 2 with 70 per cent, for example.

Measuring the 'last click wins' (last-click attribution model) only reveals which channel the customer came from on their final visit when converting. This ignores the impact of previous ads, clicks or visits from different channels. See Figure 3.4 below.

Digital Marketing Insight

Analyzing goal assists in football and in marketing

Just as football managers analyze the number of 'assists' a player makes (by giving a good pass to another player who scores), marketing managers need to know what channels (or tools) actually 'assist' the web site goal conversions. Players who make assists are often as important as the ones scoring the goals.

	Basic Channel Grouping	Assisted Conversions ↓
1.	Organic Search	138
2.	Direct	96
3.	Referral	43
4.	Social Network	23
5.	(Other)	11
6.	Paid Advertising	8
7.	Feed	6
8.	Email	2

Figure 3.4 Assisted Conversion Path report

Source: Patel (2012)

Patel (2012) analyzed a B2B client who had 18–24-month buying cycles and included multiple campaigns in between. He used the new Multi-Channel

Funnel reports in Google Analytics as they 'provide marketers with much more detailed insights into the first and last interactions visitors have with a website before conversion' (in this case into an enquiry/lead).

Patel tested the new Assisted Conversion and Conversion Path reports in Google Analytics V5 over a four-week period. Assisted Conversions identify which sources of traffic played a part (assisted) in converting a visitor (in this case into a lead/enquiry).

The Assisted Conversion Path report revealed *the relative importance of different media channels in influencing conversion.*

The different channel types are also explained in Chapter 7.

Having identified the top assists, marketing managers need to analyze the journeys that delivered these conversions. Google Analytics now shows the *Top Conversion Paths* which reveal the history of a series of visits. The *Top Conversion Paths* report (where visitors make two visits or more) shown in Figure 3.5 revealed the following:

This report shows the grouped combination of channels which resulted in conversion. For example, the above report shows that two Direct visits (initial interaction and final interaction) lead to the most conversions (32). Hence the importance of a short, easy-to-remember URL address, used prominently across all online and offline media. It also suggests that brand awareness campaigns are working. Patel suggests that 'If Direct visits [are] not top of the list for you then maybe you should think about a brand awareness campaign'.

The second most popular conversion path (with 22 conversions) is two visits from non-branded search terms. Hence the importance of optimizing your web site for keyphrases (non-brand name keyphrases to facilitate a search which does not contain your company name or product names). Note: Patel

actually created his own groupings so he could see 'brand' and 'non-brand' search terms. The default report does not show this.

	Channel Grouping Path	Conversions
1.	Direct → Direct	32
2.	Non Branded Term → Non Branded Term	22
3.	Branded Term → Branded Term	14
4.	Referral → Referral	13
5.	Non Branded Term → Direct	13
6.	Non Branded Term → Non Branded Term → Non Branded Term	11
7.	Direct → Direct → Direct	7
8.	Branded Term → Direct	7
9.	Referral → Direct	6
10.	Referral → Non Branded Term	5

Figure 3.5 Conversion paths taken when visitors require at least two visits

Source: Patel (2012)

Path 5 of Figure 3.5 shows 13 conversions after two interactions (or visits) – the first interaction came from a generic (non-branded) search term (which suggests the SEO is working), while the second visit came from directly inserting the correct URL (which suggests (a) the content was good enough to make a visitor want to remember the exact URL address; and (b) the URL was easy to remember).

In Path 25 of the same report (Patel, 2012; see Figure 3.6 overleaf), brand awareness is generated or enhanced by the content on a social platform. Some time later, the same visitor searches (using a generic or non-branded

term/phrase), sees the brand on the search results and clicks to land on the site and convert. Who said social and search don't go hand in hand?

Social sites do help to keep the brand front of mind (i.e. in the 'considered set' of possible brand choices). The transparency of social sites should be reassuring, while the content (and transparent comments/discussions around the brand) can win trust.

It is worth remembering two things when using Multi-Channel Funnels analysis (Top Paths Analysis): (1) always set up your analytics to separate visitors who search using generic terms from those who search using your brand name; and (2) remember that although these reports give an insight, they do not give a completely accurate analysis as all of this is cookie-dependent, and many visitors use several different devices (each device being counted as a new visitor) and some visitors' systems delete cookies, so each visit will trigger a new cookie, suggesting a new visitor rather than a returning visitor.

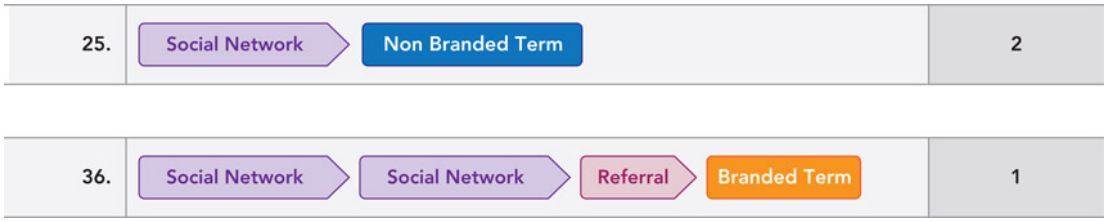


Figure 3.6 Social and search go together

Source: Patel (2012)

Figure 3.7 provides another way of looking at the different journeys customers take when hiring an Avis car (adapted from Paget, 2011).

Note: if customer journeys are relatively simple and most visitors are converting on the first visit, then attribution modelling is not necessary. As a rule of thumb, if more than three-quarters of your visitors convert on a single visit, then attribution modelling (or Multi-Channel Funnelling) is less important.

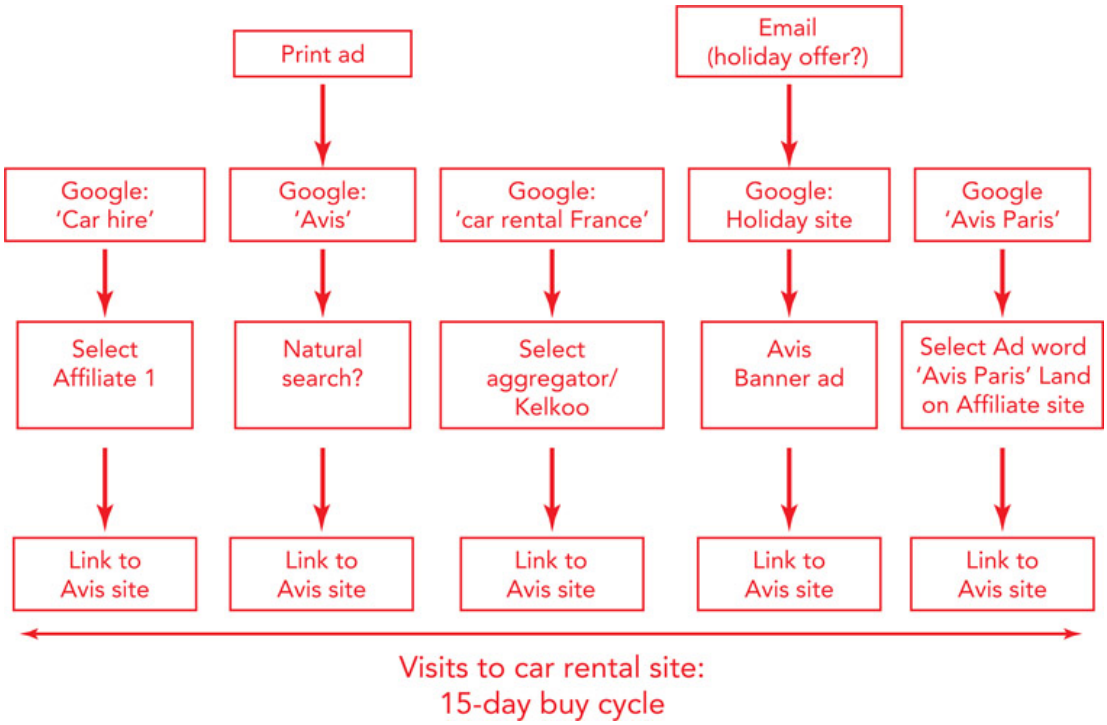


Figure 3.7 Avis Car customer journeys

Source: Adapted from Paget (2011)

Note: 'view-throughs' (where someone sees a display ad but doesn't click on it) can be included through ad-serving systems (but not Google Analytics).

Consider now an even more complex purchase path for a higher-value, more considered purchase with a longer purchase path (Figure 3.8). Center Parcs Holidays incidentally see their customers migrating online (70 per cent of bookings are made online compared to 20 per cent back in 2008). Their customers tend to research the holiday carefully. Center Parcs need to decide whether to use more expensive generic keywords to help the final conversion. Sixty days' worth of data were analyzed to see how different channels performed. Each channel contribution was reviewed and credit given where it was due. The system attempts to give some credit (for an assist) to various channels; e.g. 50 per cent credit is given to a display ad view, while more credit – say, 60 per cent – is given to a display ad (or PPC) if it has been clicked on.

- 42 per cent clicked on a PPC ad and booked with no other channel involved in the booking
- 52.1 per cent clicked on an organic search, then on a PPC ad and made a booking
- 4.8 per cent viewed a display ad and then clicked on a PPC ad and made a booking.

In this case, a more detailed review of attribution is warranted.

The analysis can go onto the next level to consider the optimum sequence of media.

See this excellent visualization (Figure 3.9) presented by Media Vest (MVi) agency at the ad:tech conference way back in 2006 for a travel client, showing that brands with large budgets have been using this approach for some time (Chaffey, 2010).

D = display banner ad

S = paid search (PPC)

X = aggregator (or comparison site like Kelkoo)

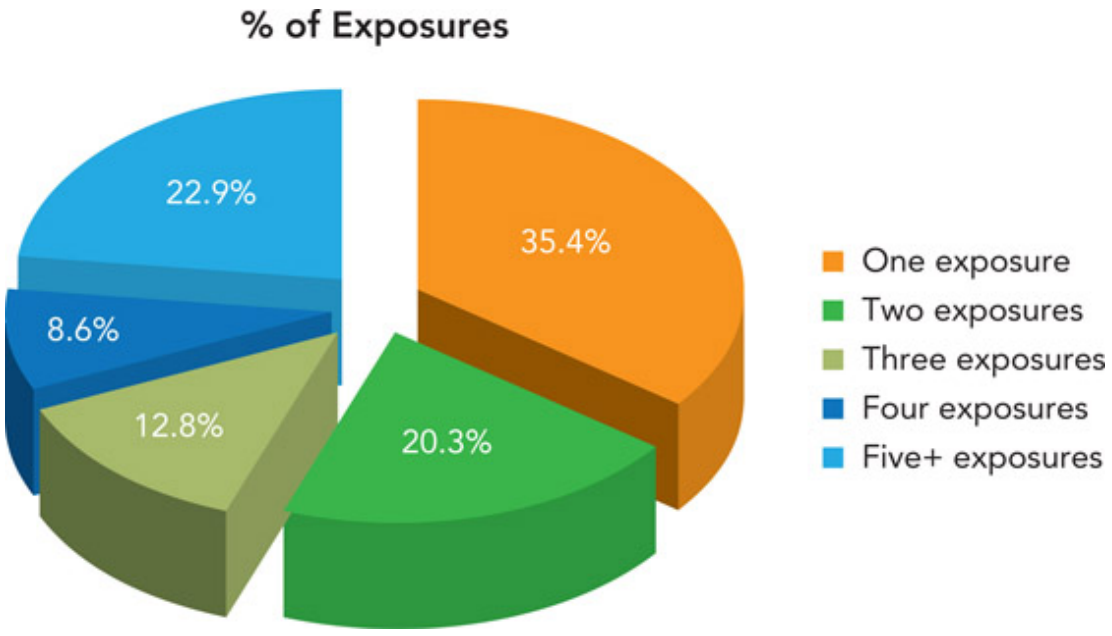


Figure 3.8 Number of exposures required before conversion

Source: Center Parcs case study by Ignition One Research (2010)

This revealed that the highest conversions occurred when customers either:

- [DS] saw a display ad and went to the site (or was it a 'view-through'?); subsequently saw a paid search ad and went to the site (for a second time?) and converted
- [SD] saw a paid search ad which took them to the site; subsequently saw a banner ad and went to the site and converted.

Channels	Sequence	% Conversions	Channel Allocation
2	DS	34.01%	74.75%
	SD	20.98%	
	XS	8.35%	
	SX	7.33%	
	DX	2.24%	
	XD	1.83%	
3	DSD	7.74%	18.53%
	SDS	5.30%	
	SXS	3.05%	
	DXD	1.02%	
	DXS	0.81%	
	XSX	0.41%	
	SDX	0.20%	
4	SDSD	1.63%	4.48%
	DSDS	1.43%	
	DXDX	0.41%	
	DSDX	0.20%	
	DSXD	0.20%	
	DXDS	0.20%	
	DXSD	0.20%	
	SDSX	0.20%	
5	DSDSD	1.02%	1.43%
	SDSDS	0.41%	
6	DSDSDS	0.20%	0.61%
	SDSDSD	0.20%	
	SDSDXS	0.20%	
7	DSDSDSD	0.20%	0.20%

Figure 3.9 Sequence of media

This analysis identifies how display ads might prompt a later search. The old 'last click wins' omits these insights.

A further analysis will also look at the *latency* or interval between visits. Ultimately, digital marketing can drill down to very granular details to isolate and identify which channels (or tools) are performing. Now consider how communications models actually work on the end user.

Digital Marketing Checklist – Your Online Tracking Capabilities

Here is a checklist to assess your tracking capabilities:

Q1 Do you have unified tracking across all media?

- ☑ What high-level reporting do you have that enables you to compare cost (CPA), value (*ROI*, ROAS or *LTV*) and conversion across all media?
- ☑ What granularity do you have; i.e. how far can you break down by?
  - Media, by referrer type
  - Category or product(s) initially purchased
  - Customer type (e.g. size of business/consumer, value or purchase activity over different time periods/lifecycle stages)
  - Paid and natural search keyphrases – can these be tracked down to campaign, ad group and triggering keyword level in each search network, and can these be compared to actual search terms entered by visitors?

Q2 How do you attribute sales to referring media? Do you use:

- ☑ Last referrer
- ☑ First referrer
- ☑ Weighted mix between the two – especially paid search

☑ Have you successfully removed duplication through using common tagging codes?

☑ Do you analyze the halo effect of combined media/channel impressions?

Q3 How well do you understand your sales cycle?

That is, what analysis have you done on sequence and consideration period for searches or affiliate referrals based on 'cookied' visitors; i.e. do you understand this pattern?

Which cut-off point do you use to assess contributions from different media such as display ads? Usually, a period of 30 days is a standard for a product like a holiday, but it could be shorter for books or CDs, for example.

Q4 Do you assess traffic quality on types of value events (other than sales)?

This is a detailed insight to identify opportunities for further improvement to media and sites – it can be argued that it is irrelevant if the Cost Per Acquisition is too high. A simpler approach is bounce rates by media type; i.e. percentage of visitors progressing beyond the first page.

Q5 Have you checked the accuracy of your campaign management systems?

Campaigns will be tracked by different sources such as page-tags on a web analytics system, tags on a campaign management system, ad-serving systems or log files. Differences between these should be assessed and minimized although different data collection will likely always generate discrepancies. The important aspect is to make tracking consistent through time. Tag position on the page can be important and

if a page is slow to load, then this may not be registered as a click in the analytics system, although the ad-serving system has recorded it. Tags may just be plain wrong through human error, so this also needs to be checked.

Digital Marketing Insight

The display ad halo effect – what do online site visitors do when they see an ad?

Clickthrough rates on ads tend to be very low, with most compilations showing response rates well below 1 per cent. This phenomenon is known as banner blindness. This phenomenon is well known and we consider how to counter it in Chapters 6 and 7, but it is worth considering that not everyone who sees an ad clicks – this is the halo effect.

Section Summary 3.4

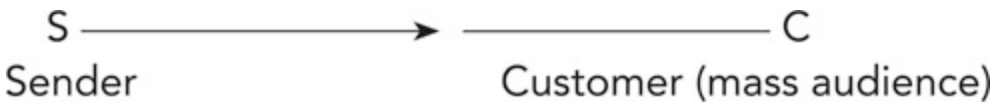
Attribution models

New tracking models using tracking and analytics ensure that online media spend is allocated to media which are influencing sales. You need to plan to gain a single de-duplicated unified view of all digital referrers. Once this has been achieved, the next challenge is working out how the combination of digital media to which consumers have been exposed impacts on sales.

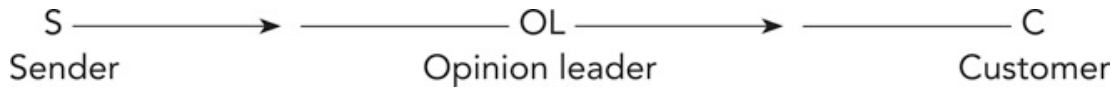
3.5 Communications models

This section primarily explores how multi-stage communications models are moving into web-based community communications models. Brief reference is also made to other communications models including viral marketing, affiliate marketing and permission-based marketing.

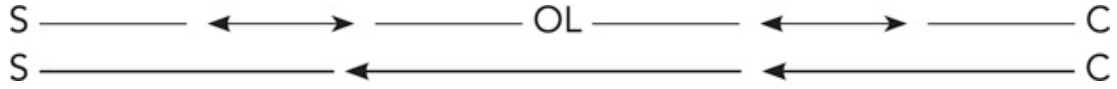
In the last millennium, mass communications models were popular – with a simple model showing the sender (marketer) sending a message directly to the customer:



Then opinion leaders and opinion formers were identified as important elements in communications models. So they were targeted to help encourage word-of-mouth spread. Here the sender sends a message and some of it goes directly to the customer and some is picked up by opinion formers who subsequently pass the message on to customers.



Add in some feedback and interaction and you've got conversations, with the arrows also indicating flowbacks to the sender and other customers – a trialogue:



Digital Marketing Insight

Harnessing the trialogue

Walmsley (2007) believes that the main impact of media was not to find new ways to connect brands to consumers as originally anticipated, but in connecting those consumers, or 'people' as they like to be called, to each other. So, the age of trialogue has arrived and brands need to reinterpret themselves as facilitators.

Walmsley believes that this trialogue will influence every aspect of marketing from product design through to product recommendation. An example where product design is influenced is Threadless (www.threadless.com), the online t-shirt store, which only carries designs its users have uploaded, and manufactures only those that get a critical mass of votes.

The potency of trialogue derives from the opportunity that brands now have to talk to people, but also to be a small part of billions of their conversations. This is the point where user-generated content meets brands – an area fraught with difficulty for the unwary, yet rich with opportunity for the creative (see Section 3.10 on the Ladder of Engagement).

Think about who are the opinion formers and opinion leaders in your marketplace. Separate online from offline influencers. They may include business leaders, celebrity users, journalists, public speakers, consultants, professional bodies and awards, influential networks, accrediting bodies, chat-room moderators, news groups, etc. Word of mouth works much more quickly online than offline.

Now comes the interesting bit. With the Internet came the easier facilitation of customer communities – where customers talk to each other (C2C) and back to the company (C2B) and also back to opinion formers and influencers. And now brands can encourage customers to write reviews which,

ultimately, help other customers (see Section 3.7 on buying models for more on accelerating reviews).

The flow of communications eventually becomes like a web of communications between customers and opinion leaders – all built around the brand. The company facilitates these conversations. In doing so, it keeps close to customers as it can look and listen to what's being said. It can also communicate easily with the customers and ultimately develop strong relationships. News groups, blogs, Facebook pages, discussion rooms (hosted by the brand) discuss the brand, its applications, problems, issues, ideas, improvements and a broader array of topics linked with some of the brand values. In a sense, a web of conversations is being spun around the brand (see Figure 3.10).

Referrals are part of C2C and eventually C2B as the referred customer contacts the business. Viral marketing is an extension of this C2C (consumer-to-consumer) or P2P (peer-to-peer) model where customers pass the message on. This is accelerated word of mouth. Clever, creative messages with interesting ideas, amazing images, special offers, announcements and invitations are good for viral marketing.

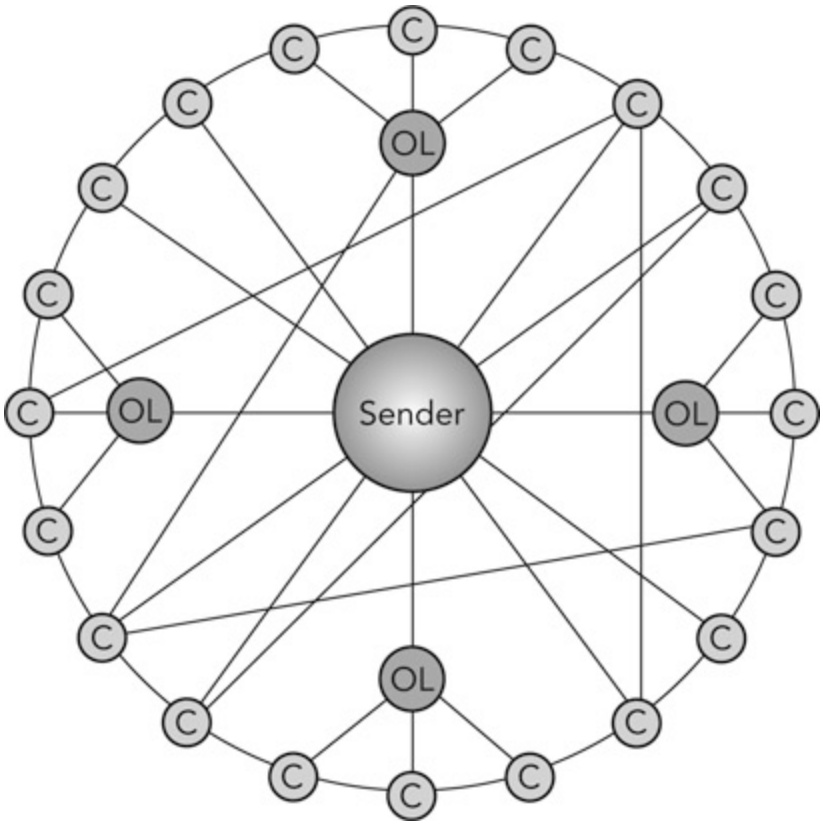


Figure 3.10 A web of conversations – accelerating word of mouth [C = customer; OL = opinion leader]

Affiliate marketing also spreads awareness of a brand amongst a community of relevant customers, who in turn talk to each other and can spread ordinary or clever viral messages within their own communities.

Implicit in all of these communications models is *permission-based marketing*. In this time-compressed, information-cluttered world, customers resent unsolicited SPAM. E-marketers must get permission to send messages. If the customer agrees, a message is eventually sent. There is more on permission-based marketing in Chapter 8.

Advertising

All the models are changing. None more so than advertising. Advertising agencies are confronted by another big shift in their communications models. They have to move from 'getting attention' to 'giving attention'. This presents new challenges to agencies used to winning attention and creating brand awareness. Now, when visitors land on the brand's site, it is the brand that must pay attention. And they are starting to, courtesy of Facebook's Open Graph, which effectively lets brands present visitors with information tailored to their specific interests. New sites and apps are now sharing information from Facebook about users so that they can tailor offers, features and services to each individual's interests and tastes (as determined by whatever information that individual has made public on Facebook) – even if that individual has never visited that particular site before. For example, participating web sites like www.CNN.com will display tailored information, goods and services relevant to a particular visitor's specific interests – without the visitor even having to sign in at that web site or provide it with any information (as long as the visitor is signed into Facebook). 'Companies from Eventbrite to TripAdvisor to Amazon's Diapers.com to *The New York Times* have used the Open Graph to recommend everything from concerts to news articles and vacation destinations based on what users' Facebook friends are liking and sharing' (Halligan, 2011).

Test thousands of messages to optimize

> ***To make the most of the advertising opportunities on social media, marketers must take this targeting to the extreme … Create custom messaging for as many different target groups as feasible, get really granular and test enough variations, ideally thousands, to properly optimise your campaign.***
>
> ***(Manning, 2012)***

Lexus created over 1,000 different video ads for a Facebook ad campaign, targeting over 600 segments, serving almost 4,000 ads, to reach 11 million

potential buyers and thus generated 315% Higher Completed Video View Rate + 1,673% Higher Engagement Rate (see Chapter 7 on traffic building).

After that, marketers can tailor their messages and offers in a more optimized way, having discovered what works best for different types of customer group. Note that many brochure-ware sites do not take full advantage of the online opportunities and merely use the web to replicate other media channels by delivering a uniform message to all web site visitors.

Digital Marketing Insight

Ads tracking you down! Targeting individuals in companies

> *If we are in a sales cycle with a large company there will be multiple decision makers, but our sales rep may only be talking to one of them – the others might be hard to find. We might run a Facebook or LinkedIn campaign targeting employees of that company to ensure our brand message reach[es] everyone involved in the sales cycle.*
>
> (Joe Chernov, vice-president, content marketing, Eloqua, cited in Manning, 2012)

Ads tracking you down! Targeting individuals going for lunch

It is possible to mine real-time conversations. If McDonald's sees that you tagged it in a post ('going to McDonald's for lunch'), it can offer you coupons before you arrive. This is where Facebook's potential dominance becomes obvious – the ability to mine the real-time conversations of more than 750 million users is not really available on any other platform (for a while, Facebook has been testing ads based on real-time posts) (Slutsky, 2011).

Note: once audiences paid for the media which carried the ads; today many marketers pay the audience for consuming the media with incentives such as free phones if they accept ads.

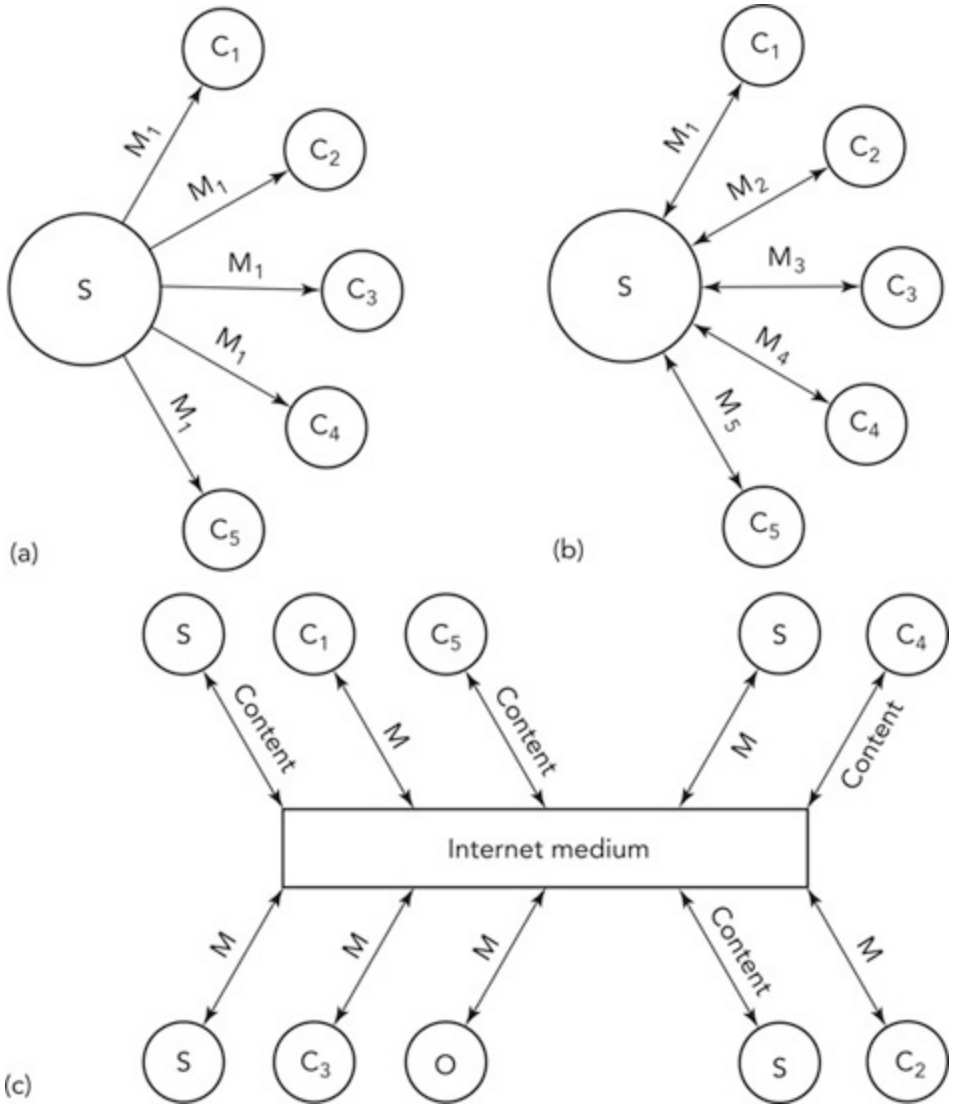


Figure 3.11 The differences between one-to-many and one-to-one communications online. S, the sender (the marketer) sends a message (M) to customers (C). (a) Old communications model (one-to-many); (b) one-to-one communications online; (c) many-to-many communications online

Source: Adapted from Chaffey *et al.* (2003)

Learn about some very sophisticated data driven Location-based Ad campaigns in Chapter 7.

Section Summary 3.5

Communications models

This section explored how multi-stage communications models are moving into web-based community communications models offering tailored messages targeted to specific groups and even individuals. Brief reference was also made to other communications models including viral marketing, affiliate marketing and permission-based marketing. New models bring new opportunities.

3.6 Customer information processing models

This section is a short one and leads you into the next chapter on digital customers by raising more questions than answers about online information processing.

There are many models for information processing, some so complex that they render themselves relatively useless in terms of practical application. We are going to look briefly at two of the more practical information processing models – one for display ads and one for web sites.

Consider first, Rossiter and Bellman (1999) developed the ALEA model that describes the online advertising experience as a process whereby attention is

gained, followed by learning. If the consumer's emotional responses to the ad content are positively or negatively reinforced, further attention may be paid to the ad and further learning may take place until the brand's attributes are accepted.

This ALEA model (Attention, Learning, Emotional Responses, Acceptance) is a 'heterarchy' of possible responses and does not specify a definitive sequence except that (1) attention must precede learning and emotional responses; and (2) learning and emotional responses must precede acceptance.

Rossiter and Bellman (1999) hypothesize that sustained attention is directly related to the evaluative intensity of the consumer's emotional response to a content node encountered during a visit to a web ad.

They also theorize that brand attitude will be directly affected by the appropriateness of the sequence of emotions encountered during a visit to an online advertisement and by the appropriateness of the final emotion experienced. Furthermore, they propose that consumers with a high-category need tend to process the online ad linearly in a 'hierarchy of effects' sequence (a logical pattern of pages), while those with a low-category need should process fewer pages of the site in a random order.

By contrast, Hofacker's model (2001; see Chapter 4, Section 4.5 for more detail) has five stages of information processing which can be used to review the effectiveness of an ad or a promotional container, or the overall page template layout on a site:

1. *Exposure.* Is the message there long enough for a customer?
2. *Attention.* What grabs the attention – movement, colour … ?
3. *Comprehension and perception.* How does the customer interpret the stimulus?
4. *Yielding and acceptance.* Is the information accepted by the customer?
5. *Retention.* How well can the customer recall their experience?

Each stage acts as a hurdle, since if the site design or content is too difficult to process, the customer cannot progress to the next stage. The e-marketer fails.

A final thought on the difficulty of grabbing a customer's attention. An interesting social experiment about perception, taste and the priorities of people was carried out by the *Washington Post* (Weingarten, 2007; see Figure 3.12).

Digital Marketing Insight

The following extract by Nonnenmocher (2012) is a blog post that paraphrases the original article.

> ***A man sat at a metro station in Washington, DC and started to play the violin; it was a cold January morning. He played six Bach pieces for about 45 minutes. 1,100 people went through the station during this time ...***
>
> ***Three minutes went by, and a middle aged man noticed there was [a] musician playing. He slowed his pace, and stopped for a few seconds, and then hurried up to meet his schedule. A minute later, the violinist received his first dollar tip: a woman threw the money in the till and without stopping, and continued to walk. A few minutes later, someone leaned against the wall to listen to him, but the man looked at his watch and started to walk again. Clearly he was late for work.***
>
> ***The one who paid the most attention was a 3-year-old boy. His mother tagged him along, hurried, but the kid stopped to look at the violinist. Finally, the mother pushed hard, and the child continued to walk, turning his head all the time. This action was repeated by several other children. All the parents, without exception, forced them to move on.***

Figure 3.12 People rush past one of the world's greatest violinists as they screen out information in their busy lives

Source: *The Washington Post*/Getty Images

> ***In the 45 minutes the musician played, only 6 people stopped and stayed for a while. About 20 gave him money, but continued to walk [at] their normal pace. He collected $32. When he finished playing and silence took over, no one noticed it. No one applauded, nor was there any recognition.***
>
> ***The violinist was Joshua Bell, one of the most talented musicians in the world. He had just played one of the most intricate pieces ever written, on a violin worth $3.5 million dollars.***
>
> ***Two days before his playing in the subway, Joshua Bell sold out at a theatre in Boston where the seats averaged $100.***
>
> ***This is a real story. Joshua Bell playing incognito in the metro station was organized by the Washington Post. The outlines were: in a commonplace environment at an inappropriate hour: Do we perceive beauty? Do we stop to appreciate it? Do we recognize the talent in an unexpected context?***
>
> ***One of the possible conclusions from this experience could be: If we do not have a moment to stop and listen to one of the best musicians in the world playing the best music ever written, how many other things are we missing?***
>
> ***(Nonnenmocher, 2012)***

A final note: Marketers and advertisers and ad agencies and data analytics companies are responding to the changing market, where customers screen out even high quality content (like the world class violinist); a market where customers' attention span is only seconds; a world here customers only allow ads in if they are highly relevant to them at that particular time and place.

Section Summary 3.6

Customer information processing models

Understanding how customers process information helps marketers to communicate more clearly. We have looked at models by Rossiter and Bellman for banner ads and also Hofacker for web sites.

3.7 Customer buying process models

What goes through a customer's mind moments before they purchase? What stages do they go through when making a purchase? To sell, you have to know how and why people buy. By the end of this section, you will be able to select and draw a suitable buying model for online customers.

The choice of model obviously depends on the type of purchase and the type of buyer. We are going to consider an online consumer making a purchase. We will consider two different purchasing scenarios – one for a *high-involvement purchase* (e.g. a car or a smartphone) and one for a low-involvement routine purchase (e.g. a can of cola). Chapter 4 on digital customers considers these in much more detail. In this short section, we'll outline the models in action.

High-Involvement Purchases

For a high-involvement purchase like a car, customers go through a rigorous buying process from: problem identification to information search to evaluation to decision to buy through to post-purchase. It is worth noting that the purchase of the product is just part of the lifetime marketing process; i.e. purchase moves into post-purchase activities such as gathering reviews, ratings and encouraging sharing of the experience, followed by regular relevant contact to ensure repeat purchasing.

As we will see (Chapter 4, Section 4.6 goes into this in much more detail), a good web site (and/or good ads and recommendations) help buyers move through all, or most, of these stages in the buying process. Some buyers prefer to browse online and buy offline (or just test drive), while others prefer to test, browse and buy online.

The introductory chapter emphasized the importance of being able to offer this *mixed mode* of online and offline sales. The integrated database and integrated communications should be able to identify prospects online and close sales offline, even if it means delivering a test-drive car to the door. Surprisingly, many businesses are still struggling to integrate their databases.

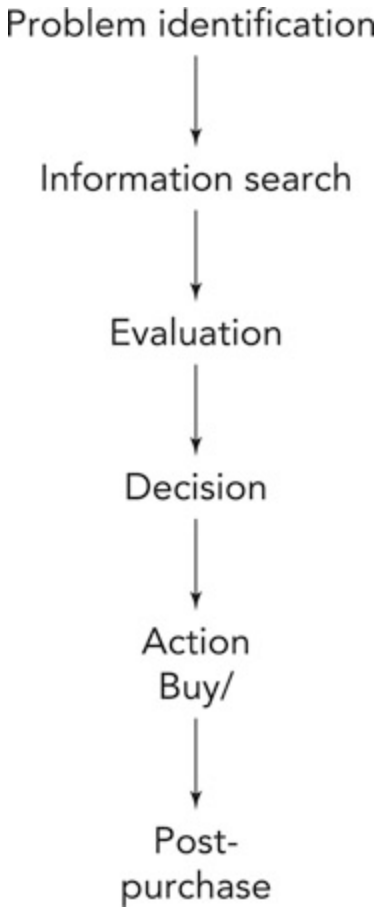


Figure 3.13 A high involvement purchase

This model applies to both B2C high involvement purchases and also B2B if you add in one extra step – 'invitation to tender'. When a B2B buyer moves into 'Information Search' mode they are finalizing the selection of possible tenderers invited to pitch for the business. So you've either got to be on the radar at that stage (be known to the buyer beforehand) or certainly get known as soon as they start searching (hence content marketing and SEO play important roles here).

It is worth noting, regardless of B2B or B2C, the buying models are changing. The 'Butterfly Effect' is emerging where buyers dip in and out of the buying process. It is not a linear sequence of stages. Buyers can dip into, say, customer reviews for five minutes when they have time.

Digital Marketing Insight

If you think the sales funnel is dead

If you think the sales funnel is dead, you've mistaken tactics for strategy.

Reports of the death of the sales funnel are greatly exaggerated. Consumers might be bombarded by media and marketing from all angles, but marketers must still understand how to influence their journeys towards a purchase.

Here's John's journey when buying a new coffee machine:

> John first describes realizing that the weird noises and less-than-perfect coffee emanating from his coffee maker mean he might need a replacement. Next, he searches online for 'best coffee makers' and, as a result, on the way home that evening is greeted by targeted mobile ads for coffee makers during his commute. That weekend he heads into a store to check out the options in person but is deluged with online coupons sent to his phone offering various deals. He decides on a brand and opts to order the machine online for a better price. That evening, once home, he places his order on his laptop.

1. Awareness – that he had the need for a new product.
2. Information search stage.
3. He formulated his preference based on product, price and some promotional offers.
4. (At the end of the preference stage) he went home and made the purchase.
5. The only step missing is his post-purchase reactions to his new machine (yet).

(Ritson, 2016)

Everything Changes – Including Customer Buying Process Models

The average car purchased today follows as few as 1.6 customer visits to car dealerships compared to the average of five customer visits to car dealerships ten years ago says Sean O'Neill (2015).

So although the sales funnel is still intact, it is not quite so linear as the 'Butterfly Effect' impacts the buying process. Brian Solis suggests that the whole buying process has become what he calls the Dynamic Customer Journey.

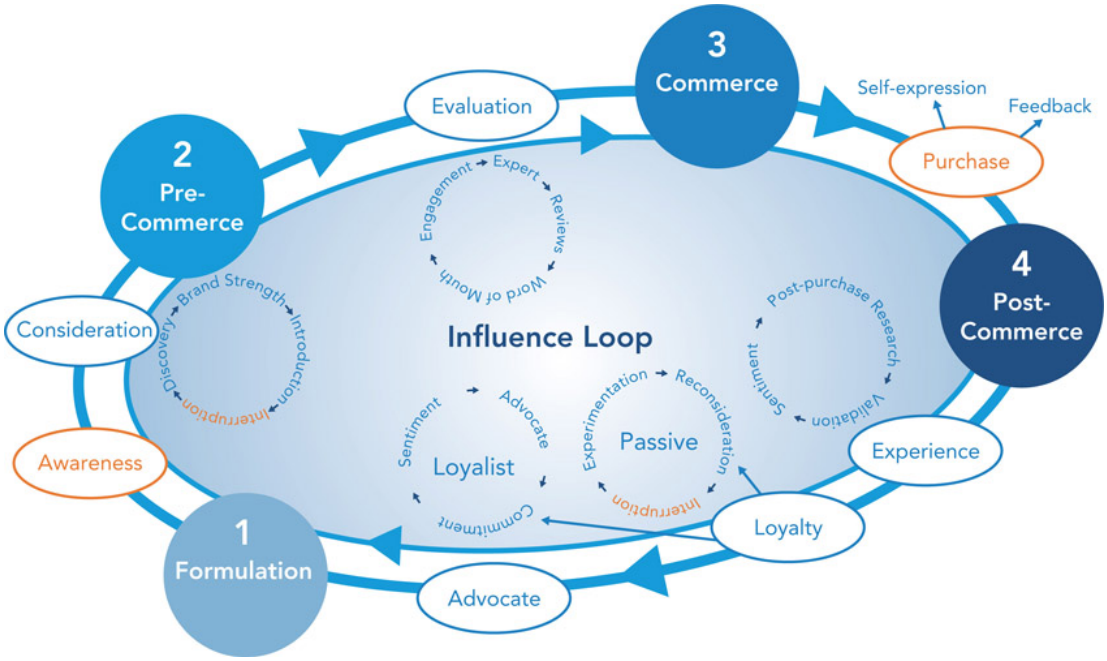


Figure 3.14 Altimeter's Dynamic Customer Journey

Source: Solis (2016)

Solis suggests that this is how the connected customer moves through the buying process today. It is similar to the traditional sales funnel as it moves through awareness, consideration and evaluation. However, this model allows for shallow and deep dives (when searching for information) and introduces 'bridges between customers and shared experiences in every

moment of truth'. At the heart of this model is the 'influence loop'. This means that connected customers search for other people's opinions about their customer experience (CX) from your product or service. They 'seek validation from someone like them'. Figure 13.14 shows the Dynamic Customer Journey (Solis, 2016).

Low-Involvement Purchases

Obviously, not all purchases require this much effort. There are many, many low-involvement purchases that we make every day, which do not warrant this kind of effort. Despite being almost 100 years old, and criticized by some, the *AIDA* model of attention (awareness), interest, desire and action is still used by many professionals.

There are many buying models, such as *ATR* or awareness, trial and reinforcement, which generate awareness, facilitate an easy trial and then reinforce it with advertising from then on. There are many adaptations which web sites can use. The Tektronix Learn-Buy-Use model shows how this approach can be used to deliver relevant content that supports sales and branding objectives.

Digital Marketing Excellence

Tektronix extends the ATR model

A business-to-business example of a high-involvement purchase is illustrated by test-and-measurement provider company Tektronix (www.tektronix.com), using a web microsite to support its e-business suite. It uses the approach shown in Figure 3.15. The site's *online value proposition* used to deliver this experience centres on a resource centre

known as myTek which enables relevant content to be delivered by email throughout the customer lifecycle.

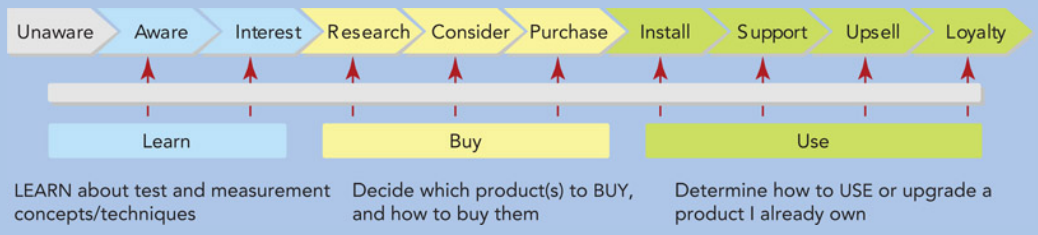


Figure 3.15 Model used to design content and services for the Tektronix web site Copyright © Tektronix. All rights reserved. Reprinted with permission.

Increasingly today, reviews lie at the heart of any high-involvement buying model. Based on more than 1 million product page visits, *research by Reevoo suggests that increases in the number of reviews have a direct correlation with increases in sales.* High volumes of reviews seem to make the scores you show more trustworthy. Reviews equal 'trust and social proof' which are important during the 'Research, Consider and Purchase' stages.

How reviews bump up conversions

Figure 3.14 shows that increasing reviews from zero reviews to 50 reviews can increase sales conversions from 2 per cent to 4 per cent (or even going from zero to ten reviews can increase conversions from 2 per cent to 3 per cent).

Brands should consider the buying process as ongoing. Therefore 'Purchase' is just one stage in the ongoing buying process. Securing reviews should be added as another component in the buying model. Improving your post-purchase follow-up emails is one place to start. Actively soliciting reviews generates vital customer feedback, nurtures brand loyalty and encourages other prospective buyers to buy your product or service.

Figure 3.17 shows that without actively encouraging reviews, occasional negative reviews can give a skewed view of a product or service which often destroys trust and confidence. Poorly managed reviews can misrepresent a brand, as it often only takes just one or two negative reviews created by competitors or a negative customer to reduce sales conversions significantly.

Figure 3.18 shows that accumulating more reviews can reduce doubt and increase sales conversions. See more on Fears, Uncertainties and Doubts (FUDS) in Chapter 4 on digital

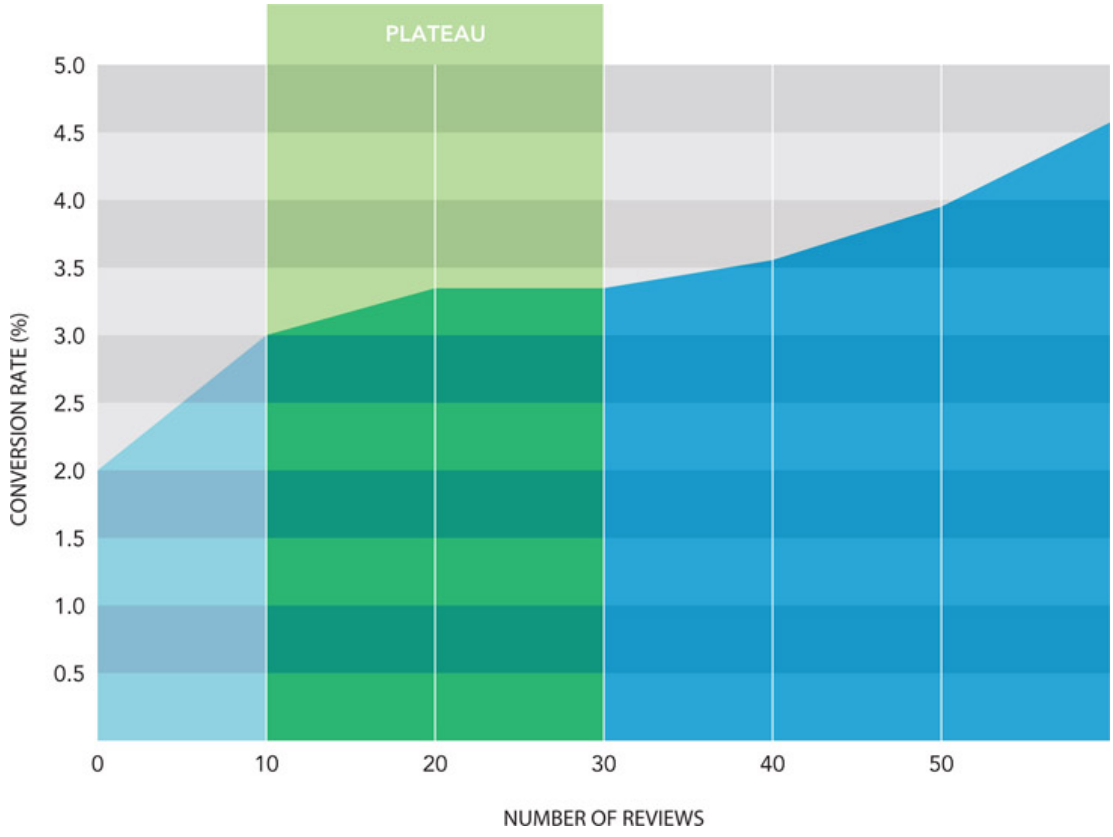


Figure 3.16 The correlation between number of reviews and sales conversion

Source: Reevoo

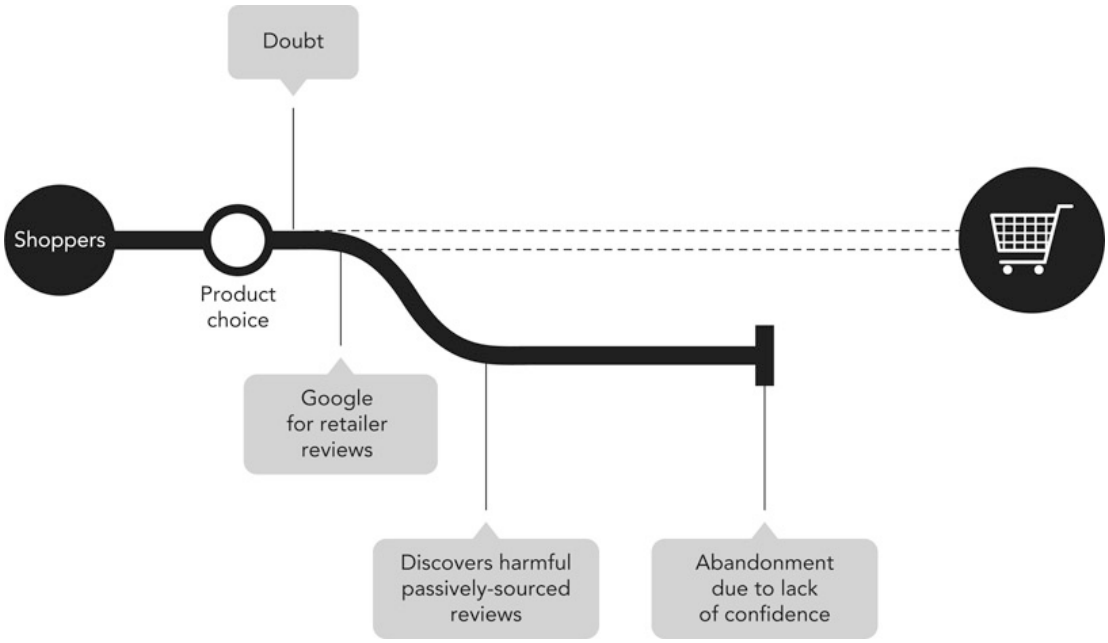


Figure 3.17 Occasional negative reviews can misrepresent a brand

Source: http://b2b.reevoo.com/products/reputation

customers. Note customers' shrinking attention spans and multitasking mean messages have to be short and relevant to have a chance of getting through. See Chapter 4 for more on information processing. So the actual purchase of a product or service is not the end of the marketing process, but rather it is literally in the middle of the buying model.

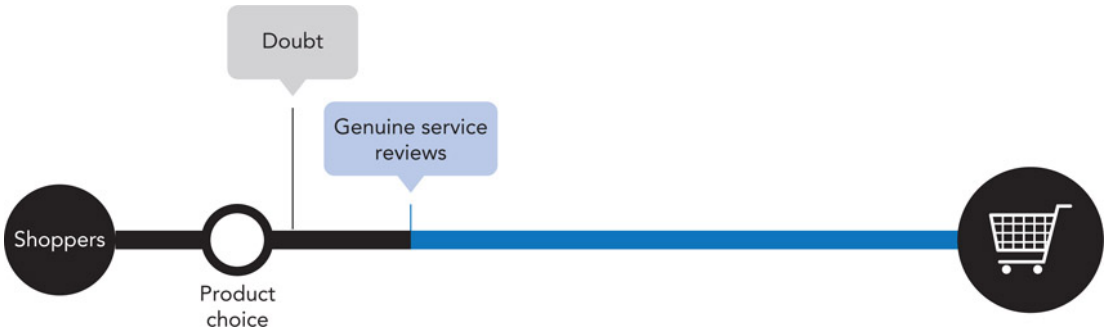


Figure 3.18 More reviews can reduce doubt and increase sales

Source: http://b2b.reevoo.com/products/reputation

Section Summary 3.7

Customer buying models

Online marketers must check to see that their online activities (web sites, kiosks or other e-tools) accommodate all the stages of the buyer's buying process – whether linear problem solving, AIDA, ATR or others.

3.8 Loyalty models

Are you loyal to a brand online? Why – what makes you loyal? By the end of this section, you will know the components of loyalty.

We know that repeat business is, on average, five times more profitable than new business. On the other hand, low loyalty has a high cost as constantly recruiting new customers is expensive.

You need to identify and target your ideal customers and then move them up the Ladder of Loyalty (Considine and Murray, 1981) and a proportion of them up the Ladder of Engagement (Smith and Zook, 2016 – see Chapter 3, Section 3.10 for more) so that they become loyal lifetime customers who also spend more of their 'share of wallet' with you on an extended product portfolio if the brand loyalty is sufficiently strong, as in the case of Tesco. In fact, move customers on to becoming advocates spreading your message. So how do you develop loyalty and strong relations with customers? Quality product, quality service and quality sites are basic prerequisites. In fact, satisfying customers should be replaced by delighting customers, since many satisfied customers still defect. On top of this, we are getting worse at customer service (Cerasale and Stone, 2004; Rezab, 2011 – see also Chapter 8 on customer relationship management (CRM)). After this comes privacy and

security. Respect and protect your customers' privacy. Ensure and reassure them of security. Add value to the relationship and reinforce brand values at every opportunity. Integrate your products and services into your customers' systems. Extend the partnership and share systems – this provides a certain amount of 'lock-in' where customers avoid the disruption caused by changing suppliers.

Going back to 'added value', rewarding customers is one way of adding value to the relationship. There are a number of innovative approaches emerging to reward and encourage online customer loyalty. All involve the visitor being offered some form of reward for buying. Rewards may take a number of different forms; e.g. credits, click miles. Remember there's always room for creativity. Take the Coca-Cola auction. Coca-Cola has amalgamated the loyalty notion with the auction model. In the physical world, the potential bidder collects Coke can ring pulls; once registered, these can be used to bid for a range of products. Vouchers are another method – visitors to www.richersounds.co.uk can print a 'buy one, get one free' voucher and then visit the store to redeem it. This approach can be used to increase sales and enhance the value of a site by increasing and retaining the user base.

It is important to explore ways to develop a loyal online customer base. Evidence suggests that site users return to their favourite group of sites, similar to their favourite store, as over time, customers tend to consolidate the number of sites they visit. Many emerging pure play companies are relying on the growth of their user base rather than the growth of loyalty among their existing user base. This has yet to be proven as a sound strategic approach – many companies following this approach have closed as funding has ceased to be available. Eventually, repeat business, lifetime loyalty and relationship marketing will separate the winners from the losers. Loyalty is so important that it pops up in every chapter of this book. Chapter 8 addresses CRM in much more detail.

Digital Marketing Insight

The IDIC loyalty model

Peppers and Rogers (1997) have applied their classic work on building one-to-one relationships with the customer to the web. They suggest the IDIC approach as a framework for using the web effectively to form and build relationships. IDIC stands for:

1. *Customer identification.* This stresses the need to identify each customer on their first visit and subsequent visits. Common methods for identification are the use of cookies or asking a customer to log on to a site.
2. *Customer differentiation.* This refers to building a profile to help segment customers. Characteristics for differentiating customers are described in Section 4.9.
3. *Customer interaction.* These are interactions provided on-site such as customer-service questions or creating a tailored product.
4. *Customer communications.* This refers to personalization or mass-customization of content or emails according to the segmentation achieved at the acquisition stage. Approaches for personalization are explained in Section 8.6.

Achieving Customer Advocacy and Net Promoter Score

Advocacy is another key aspect of loyalty; some argue it is the ultimate measure, with the answer to the ultimate question 'Would you recommend us?' needing to be 'Yes' for as many of your customers as possible. The importance of assessing advocacy and putting in place structures to support

it have been highlighted in the concept of the *Net Promoter Score* which has been advocated by Reicheld (2006). This is based on economic analysis of the customer base of a company. For Dell, reports estimate that the average consumer is worth US$210 (five-year Net Present Value), whereas a detractor costs the company US$57 and a promoter generates US$328. See Chapter 10, Section 10.7 on control for examples of the value of a 'like' or a 'share'. The value of promoters is generated by positive word of mouth and they also naturally have higher retention and spend rates. At the same time, the influence of detractors needs to be assessed since they can create negative word of mouth.

Think about how the Net Promoter Score concept applies online. In this chapter, we have seen the increasing importance of social networks and these provide a platform for both promoters and detractors. Brands need to think about how they facilitate promotion within the web environment and manage the comments of detractors. An example of the type of problem that can occur is indicated by the Land Rover car brand – a search for this marque shows the message *'DO NOT PURCHASE a Land Rover Discovery 3 – you will live to regret it if you have a similar experience to me as countless other owners have too'* in the natural listings, thanks to a critical posting on a forum.

On a positive note, there is a lot a site owner can do to facilitate advocacy within their site: check out our checklist of ideas to consider how to influence and manage online advocacy.

Digital Marketing Checklist – Influencing and Managing Advocacy Online

Facilitating online advocacy:

- ☑ Page template contains 'forward/recommend to a friend', 'share', 'like' and 'comment' options.
- ☑ Email has 'forward to a friend' option.
- ☑ Enable customer feedback and showcase positive experiences; e-retail sites contain options for rating and commenting on products (see Reevoo.com).
- ☑ Business sites have prominent testimonial and case study sections with pull-outs featuring customer success stories.
- ☑ Sites indicate 'wisdom of crowd' through showcasing top-selling products or most-read and commented-on features.
- ☑ Involve customers more in shaping your web services and core product offerings.

Managing online detractors:

- ☑ Use online reputation management tools (www.davechaffey.com/online-reputation-management-tools) for notification of negative (and positive) comments.
- ☑ Develop a process and identify resources for rapidly responding to negative comments using a natural and open approach.
- ☑ Assess and manage the influence of negative comments within the natural listings of search engines.
- ☑ Practise fundamental marketing principles of listening to customer comments about products and services and aim to rectify them to win back the situation!

Section Summary 3.8

Loyalty models

Quality product, quality service and quality sites are basic prerequisites to achieve online customer loyalty. Reward schemes can also be used to enhance loyalty. A plan is needed to facilitate and leverage the comments of advocates and manage negative comments by detractors.

3.9 Social media models

In Chapter 6, we will explore frameworks to help manage different aspects of digital marketing. In this chapter, we will look at models showing the power of the network effect or social graph. Take a target audience of 20 people. Here's how Lilley (2007) calculates how many messages can spread around, depending on what media is being used.

- A *broadcast network* is based on a 'one to many' model (e.g. TV advertising). It is called a Sarnoff network (after David Sarnoff, the broadcasting legend). A hypothetical Sarnoff network with 20 viewers has a score of 20. The network score is simply the number of nodes (audience members) = 20.
- A *telephone and email network* is based on a 'many to each other' model. It is called a Metcalfe network (after Bob Metcalfe, one of the inventors of the Ethernet). This communications model allows everyone to contact each other. Because everyone can call each other, the total possible number of calls or emails is 20 squared, or 400. This is potentially much more powerful for communicating messages among people than a Sarnoff network. The network score is node to the power of 2 or $20^2 = 400$.
- A *social network* is an 'immensely more powerful category of network' based on a 'many belong to numerous networks' model. It is called a Reed network (after David Reed, who observed that people in social situations belong to more than just one network). The possible value of a Reed network is 2 to the power of the number of nodes on the

network. Take the same group of 20 people in a social situation, whether virtual or real. This generates a network score of 2^{20} = 1,000,000+ (1,048,576!).

Moving from a broadcast network to a telephone/email network, even if only 10 per cent of the people pass the message on (maybe a special offer, or perhaps a criticism), it still means that 40 messages will be sent around. This is twice as powerful as the TV network, which only had a possible total of 20 messages being received. Moving on to the Reed network (social media network), if 10 per cent spread the message, that generates 100,000+ possible messages that can be received. Or, even if only one-tenth of 1 per cent pass the message on, it would still generate 1,000+ messages, which is 50 times more powerful than the old TV model with just 20 messages.

Now consider just one social network, LinkedIn, which is sometimes referred to as Facebook for businesspeople. It is a powerful tool. Once registered (which is free), businesspeople start connecting with other businesspeople, effectively building their own networks. If an individual has, say, even just 170 connections (contacts), LinkedIn calculates that the individual becomes part of a network of approximately 3 million people (Smith and Zook, 2011).

Remember, social media has grown so rapidly because we are social animals. We like to communicate, be part of a community, interact with each other. So when someone was clever enough to come up with a way to let all your friends know when you discover a new band or see a great movie with just one click, then it simply had to be a huge success. It facilitates a fundamental need for communicating.

What Comes after Web 2.0?

While Web 2.0 was about social media, community participation, user-generated content, ratings, interaction, liking, sharing and data exchange, no one is 100 per cent clear what comes next. It is probably going to be more immersive, virtual, 3D and with far more intelligent recommendations and tailored relevant content, syndicated content, data feeds, data exchange between networks and automated decisions. The Internet of Things (IoT) will connect everything via sensors, tiny chips and wireless connections. Intelligent bots will be helping us more whether in the real world or virtual worlds.

There will be increased use of semantic markup leading to the semantic web envisioned by Tim Berners-Lee in 2001. It seems semantic markup will be needed to develop artificial intelligence applications which recommend content and services to web users without them actively having to seek them and apply their own judgement as to the best products and brands (i.e. an automated shopping comparison service) (as suggested by the use of standardized data feeds between shopping comparison sites and Google Base).

This represents the Holy Grail where we have a 'web that thinks like you', as it has been described. More immersive customer experiences may increase. The semantic web may combine virtual worlds (including augmented reality) with intelligent systems, creating whole new opportunities for those who embrace the technology. The University of Tokyo already has perfect virtual rain that looks like and probably feels like water dropping on to a surface (as you insert your hand into projected data images).

Digital Marketing Insight

Nielsen's 90–9–1 rule of participation inequality: encouraging more users to contribute

Encouraging online community participation is a challenge, since the majority of visitors to a community lurk or don't participate. Usability expert Jakob Nielsen (2006) gives examples of participation on Wikipedia (just 0.2 per cent of visitors are active) and Amazon (fewer than 1 per cent post reviews). He says that 'in most online communities, 90% of users are lurkers who never contribute, 9% of users contribute a little, and 1% of users account for almost all the action'.

He explains:

- 90% of users are lurkers (i.e., read or observe, but don't contribute).
- 9% of users contribute from time to time, but other priorities dominate their time.
- 1% of users participate a lot and account for most contributions: it can seem as if they don't have lives because they often post just minutes after whatever event they're commenting on occurs.

While it isn't possible for a site to turn around this distortion completely, he does describe some strategies. First, there should be easy methods for a visitor to contribute, clicking a rating or commenting without registering. Second, automate contributions, but show related recommendations or most-read articles. Third, provide templates. Fourth, reward users by giving them accolades for contribution and, finally, promote participation through design or featuring top reviewers.

Digital Marketing Insight

Microsoft digital advertising solutions

This is classic Microsoft but, like a lot of marketing, the basics stay the same approximately ten years later:

Guidelines for advertisers in social networks

With the tremendous increase in social networks over the past few years, there are now many opportunities for advertising within social networks either through buying ad space, or – more interestingly – creating brand space, brand channels or widgets that enable consumers to interact with or promote a brand. The digital advertising part of Microsoft recommends these approaches for interacting with consumers in this space (Microsoft, 2007).

1. *Understand consumers' motivations for using social networks.* Ads will be most effective if they are consistent with the typical life stage of networkers or the topics that are being discussed.
2. *Express yourself as a brand.* Use the web to show the unique essence of your brand, but think about how to express a side of the brand that is not normally seen.
3. *Create and maintain good conversations.* Advertisers who engage in discussions are more likely to resonate with the audience, but once conversations are started, they must be followed through.
4. *Empower participants.* Social network users use their space and blogs to express themselves. Providing content or widgets so they can associate themselves with a brand may be appealing. For example, in the first six months from the launch of charity donation widgets, 20,000 were used online and they became one of the biggest referrers to the JustGiving web site, driving more people to fundraising pages to make donations (JustGiving, 2009).
5. *Identify online brand advocates.* Use reputation management tools to identify influential social network members who are already brand advocates. Approach the most significant ones directly.

Consider using contextual advertising such as Microsoft content ads or Google Adsense to display brand messages within their spaces when brands are discussed.

The golden rule: behave like a social networker

Microsoft recommends this simple fundamental principle which will help content created by advertisers to resonate with social networkers: behave like the best social networkers through:

- Being creative
- Being honest and courteous (ask permission)
- Being individual
- Being conscious of the audience
- Updating regularly.

Metcalfe's Law Proves the Power of Community

Metcalfe's law refers to the power of an interconnected network to enable collaboration and extend the reach of an organization. It originates from Bob Metcalfe, a co-founder and former chief executive of networking company 3Com, who said: 'The power of the network increases exponentially by the number of computers connected to it. Therefore, every computer added to the network both uses it as a resource while adding resources in a spiral of increasing value and choice.'

More succinctly, the value of a network grows by the square of the size of the network. The bigger the network, the more valuable it is and the more valuable a new member.

The biggest implication of Metcalfe's law for digital marketing is potentially in the value created from setting up online communities among your organization's staff, partners and customers. For networks set up within companies (intranets) or between partners (extranets), Metcalfe's law suggests that value will be increased the more employees or partners are active users.

Where communities are created as part of a business proposition, the law shows the importance of supporting the growth of the network through the difficult initial phase until a 'critical mass' of participants is achieved. Many communities never make it through this phase.

Mark Zuckerberg, the founder of Facebook, has used the concept of the social graph to explain the power of links between people to show the scale of Facebook's 'reach'. Facebook has the largest social graph between individuals and these are now connected across web sites through the Facebook API (Open Graph). This enables companies like Nike and Spotify to increase awareness of their services as Facebook Friends see these services being used.

Section Summary 3.9

Social media models

This section explored the power of social media, why it has grown so rapidly and how it affects customers (namely participation) and what Web 3.0 might bring. To tap into communities, brands need to plan for more open conversations with consumers, listening carefully and then responding.

3.10 Social business models and the Ladder of Engagement

The Ladder of Engagement is intended to show how customers can drive the business (using the new social media culture) through mobilizing customer engagement in a carefully structured way. This section is mostly reproduced from PR Smith and Ze Zook's *Marketing Communications: Integrating Offline and Online with Social Media* (2011).

Customer Engagement Creates Stronger Brands and More Advocates

Marketers who understand and influence customer engagement better than their competitors are more likely to develop stronger brands and more loyal customers. Engaged customers are more likely to become brand zealots. Therefore it is important to identify engaged customers and start a brand ambassador programme to further strengthen the relationship and energize their word of mouth.

The ideal customer, or most valuable customer, does not have to be someone who buys a lot. The ideal customer could be an influencer who is a small irregular buyer but who posts ratings and reviews, as the reviews could influence another 100 people.

Another reason for brands to engage with customers as much as customers engage with brands is offered by American social media guru, Brian Solis, who says:

> ***Social media has democratized influence, forever changing the way businesses communicate with customers and the way customers affect the decisions of their peers. With platforms like Twitter, YouTube, and Facebook, anyone can now find and connect with others who share similar interests, challenges, and beliefs – creating communities***

> ***that shape and steer the perception of brands. Without engagement in these communities, we miss major opportunities to shape our stories.***
>
> ***(Solis, 2010)***

The Ladder of Engagement, however, goes far beyond shaping stories and messages as it ultimately goes through to shaping products, services, processes and even the very way a business is run.

Identifying Engaged Customers is Important

Monitoring the quantity and frequency of blog posts, comments, forum discussions, reviews and profile updates helps to identify opportunities and also acts as an early alert system to any future problems or opportunities. Chapter 6 explains how it's important to target influencers or brand evangelists rather than just purchasers. Some companies ask customers to give a product rating or even post a product review as a standard part of their after-sales contact strategy. Today, independent review companies like Reevoo.com specialize in helping brands get more reviews from customers. The more engaged customers actually identify themselves by their own self-selection (or their decision to write a review).

A customer who doesn't care about the product is likely to be less committed or less emotionally attached to the brand. On the other hand, a customer who is engaged is likely to be more emotionally connected to the brand. Marketers need to know about the sentiment, opinion and affinity a person has towards a brand. This is often expressed through repeat visits, purchases, product ratings, reviews, blogs, discussion forums and, ultimately, their likelihood to recommend a friend.

Is customer engagement (a) measured and (b) used to improve products, services and processes? If not, why not, as it is free customer research (albeit skewed by coming from existing customers only and ignoring potential new prospects)? It is possible to increase some customers' level of engagement by

moving them up from giving a product rating, to writing a product review, to joining a discussion, to suggesting ideas, to screening ideas, to testing ideas and eventually to buying the ideas when they become products or services. Many of these will become brand champions, evangelists or brand ambassadors. This is why moving some customers up the 'Ladder of Engagement' is valuable.

Digital Marketing Insight

If you were paying attention you get the answers to questions you didn't think to ask

> ***When the customer feels that the provider of a brand or a service that is important to them is engaging with them with some reciprocity, and the company is really demonstrating that it is listening, that is inherently very motivating. People welcome the chance to have a meaningful input into these products and services. Members have the sense of feeling like insiders – because they get an advance preview of what's to come and better still they're getting a voice in further defining and redefining what is to come ... if you were paying attention you get the answers to questions you didn't even think to ask.***
>
> ***(O'Dea, 2008)***

The Ladder of Engagement

Moving customers up the Ladder of Engagement creates brand loyalty, unleashes brand zealots, and can help improve an organization's processes, products and services. This can also create sustainable competitive advantage as customers become more engaged and more loyal to the brand in which they are involved.

Figure 3.19 The Ladder of Engagement

Source: Smith and Zook (2011)

The lower half of the ladder encourages customers to engage via product ratings, reviews and discussions. The upper half of the ladder is higher-level user-generated content (UGC), which encourages customers to become co-creators of content, products, services and even systems for the organization. This is sometimes referred to as crowdsourcing. The highest level of co-creation occurs when customers co-create the products that they subsequently buy (see examples in the subsection on 'collaborative co-creation' below).

Not everyone will rise to the top of the ladder. In fact, Nielsen suggests that only 1 per cent of web site visitors will; 90 per cent lurk, 9 per cent occasionally contribute and 1 per cent regularly contribute. He calls it the

90–9–1 rule (see Section 3.9). But those 1 per cent are important: hence the importance of identifying engaged customers.

A TNS *Digital Life* global study (2010) suggests that 61 per cent of Britons do not want to engage with brands through social media, although 33 per cent of Britons have commented about brands online somewhere (not necessarily on the brand's own social platforms). Either way, it is more than just 9 per cent occasionally contributing. Having said that, not everyone wants to engage with a packet of frozen peas, but some products and services play a more important part in people's lives and hence are more likely to be worthwhile engaging with.

While moving customers and other stakeholders up the Ladder of Engagement strengthens brand loyalty and boosts sales, it does require careful planning, systems and resources. Using the Ladder of Engagement is a long-term strategic decision.

Digital Marketing Insight

The beginning of a beautiful relationship

Remember that the second visit to a web site is the beginning of a relationship. Therefore it is always worth asking the question: what is a brand doing to bring relevant visitors back to the site?

At the highest end of the ladder, the virtual circle completes itself as customers shape new products. It is a self-fulfilling system. As the customers create the product, they create their own demand. However cutting-edge this is, it does require the basic business skills of systems of communications, registration, processing, feedback, rewarding and putting into action. So back to basics – developing systems that work requires

careful planning and rigorous testing. Here are some examples of how companies use the different steps on the Ladder of Engagement.

Ratings and reviews: Amazon

Amazon will try to engage customers by asking for a product rating, which takes just a few seconds. They then invite you to write a product review, which takes a few minutes. As mentioned, some companies make ratings and reviewing a standard part of their after-sales contact strategy. Customers value reviews from their peers. This shows that consumers are able to apply their own filters and, effectively, rate the ratings. There is a hierarchy of trust online, which starts with personal friends.

It is perhaps stating the obvious by declaring that reviews and recommendations (earned media) are far more effective than paid media (ads) in influencing customer purchase decisions. And a recommendation from a friend is a very potent influence on most B2C buying decisions (some would include B2B buying decisions also). A recommendation from a trusted friend conveying a relevant message is up to 50 times more likely to trigger a purchase compared to another recommendation (Bughin *et al.*, 2010). It is logical that people would generally trust earned recommendations more than paid media ads. Conversion rates from earned media are five times higher than paid media (5 per cent+ conversion rate from earned media as opposed to 1 per cent conversion rate from paid media; Fugetta, 2011). See Section 3.7 on customer buying models for more on how to generate additional reviews.

Digital marketing practice ask and answer: the Home Depot

One level of discussion is 'ask and answer', where customers ask questions and other customers answer them. The Home Depot (www.homedepot.com), a US DIY chain, invites customers to ask DIY questions and eventually they

get other customers to answer the questions. Issues of liability for any careless advice obviously need to be addressed and real experts may be preferred to casual customer experts.

Another type of discussion is where customers discuss the product or, in the case of the Great Moments of Sportsmanship, they passionately discuss sportsmanship stories. Those who do engage in discussions are usually passionate about the brand or, in this case, the principle of sportsmanship. They also reveal themselves as potential brand ambassadors. These discussions also generate answers to questions (see Figure 3.18) and sometimes new stories for publication on Twitter, Facebook, the blog and the next edition of the book (www.greatsportsmanship.org).

Collaborative co-creation

Now we move to the higher levels of engagement where customers and prospects collaborate on creating ideas, ads, systems and products and services.

IDEAS

Dell's IdeaStorm (www.ideastorm.com) generates ideas on how to improve the business and uses systemized suggestion boxes (Figure 3.21). Customers, and even non-customers, can suggest new products and features, as well as better ways of running the business; e.g. improvements in their processes. Dell has earned US$10M from the early stages of IdeaStorm. This may seem tiny to a company of Dell's size, but remember, this is brand engagement, a form of brand promotion to the brand zealots, and it also contributes something to the bottom line.

THE GREAT
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Here are our Top 10 Great Sportsmanship moments from Rio 2016. It really was difficult to choose the Top 10 and , in particular, the number 1 moment of sportsmanship from the many sportsmanship moments we posted on social media (facebook and instagram) each day. So here's the list in reverse order.
Search...
Watch this popular sportsmanship video & see incredible sporting acts (4 mins)
THE GREAT SPORTSMANSHIP PROGRAMME
Mobilising Communities into Sportsmanship

Figure 3.20 Discussions can be triggered on a blog, Facebook page, Twitter or forums

Source: www.greatsportsmanship.org

Dell's Richard Binhammer says: 'Forget ROI and focus more broadly on business value'; i.e. across the six business areas which have fully embraced social media for different business reasons – marketing, product development, sales, online presence, customer service and communications. While other brands focus on one of these at a time, Dell has reached a point where they can 'inhale and exhale at the same time' (Bhargava, 2011).

People can generate a lot of ideas if they are given the platform and the encouragement. When BMW launched its virtual innovation agency to canvass suggestions from people all over the world, it received a staggering 4,000 ideas in the first week alone. The collaborative culture can work inside also, as demonstrated by Toyota's in-house suggestion scheme which

generated 651,000 ideas in 2011. Even more remarkably, over 90 per cent of the suggestions were implemented. That's over half a million new ideas implemented in one year (Slone, 2010).

ADVERTISEMENTS

Co-creating ads is more common in the United States, where customers are asked to generate ads. Some years ago Chevrolet's Tahoe campaign team supplied graphics, music, photos and video clips and asked its audience to make an ad. The best one would be shown during the Super Bowl, the most sought-after TV spot in the world. It generated a huge response.

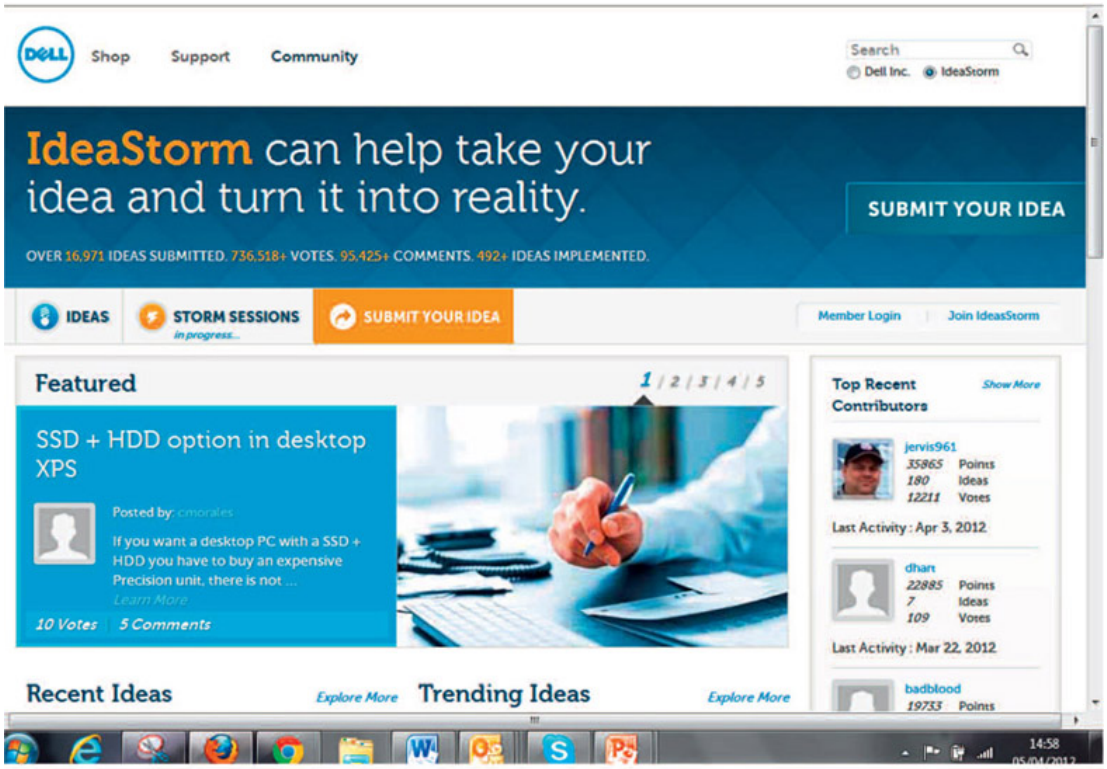

Figure 3.21 Dell's IdeaStorm

Source: www.ideastorm.com

The company also discovered some user-generated discontent (UGD), with several negative ads posted on YouTube. It took the brave decision to allow

both positive and negative ads to be created – a classic double-sided argument, which generated more discussions and a lot of press coverage. By the time of the Super Bowl, the PR surrounding the user-generated ad campaign had boosted anticipation of the ads and an enthralled audience watched with great intrigue.

More recently, Unilever has declared crowdsourcing a success, following the August 2010 release of their first crowdsourced television advert. The Peperami ad was generated by ideas sent in as scripts or storyboards (Figure 3.22). The final ad was selected from 1,200 entries and cost just 30–40 per cent of the fee Unilever could have expected to pay a traditional agency.

Kraft Foods in Greece scored a hit with a user-generated 27-minute long-form ad for its Lacta chocolate bar. They crowdsourced the story and the casting, and some of the crowd even appeared as extras. The Love in Action campaign started using traditional TV advertisements to invite people to send in their love stories. Thirteen hundred love stories and one month later (it took a month to sift through the stories), the winning story was selected. Online polls voted for and selected the cast (full screen tests were put up online), the characters' names and even their costumes. Updates were posted on Facebook and Kraft's blog, which was followed by over 11,000 registered voters and 20,000 fans and eventually watched over 150,000 times. It created such a buzz that Greece's leading TV station, MEGA Channel, offered to screen it free of charge on 14 February as part of its Valentine's Day programming, which attracted a 12 per cent share of viewers and was seen by more than 335,000 people. Lacta sales are also up in a declining market.

BRAND NAMES

Co-creation can go way beyond ads and promotions; it can even generate brand names, if the basic systems are in place. Boeing created a buzz around the launch of the new 787, the Dreamliner, by inviting input from potential

customers and passengers online. Indeed it was the community that named the aircraft the Dreamliner, with some 500,000 votes cast online from 160 countries (O'Dea, 2008; Figure 3.23).

PRODUCTS AND SERVICES

Figure 3.22 Peperami's crowdsourced ad boosted engagement and entertained customers, while reducing advertising costs

Source: www.campaignlive.co.uk/news/1022198/

Some say that UGC has been used offline for many years now. The *X Factor* music talent TV show is a good example as it attracts users to generate their own content to potentially create new product concepts; the audiences then pay for the privilege of carrying out new product screening (which product gets most votes) and new product testing (votes again). You can see why this UGC and the system behind it is marketing utopia. LEGO has been

collaborating with customers for years, asking children to suggest, create and screen new product ideas. They then financially reward 'those whose ideas go to market'.

Figure 3.23 Boeing Dreamliner: 500,000 voters decided the brand name

Source: www.boeing.com/commercial/787family/

Back to the online world. Peugeot invited its online audience to submit new product concepts; i.e. submit car designs. This attracted 4 million page views. Peugeot built a demonstration model of the winning design to exhibit at marketing events. It also partnered with software developers to put it into a video game.

Take product variations and product components. The *Great Moments of Sportsmanship* book is part of the Great Sportsmanship Programme which mobilizes whole communities into sportsmanship. Customers send in their sportsmanship stories for further discussion on the blog and possible inclusion in the next edition. The aim is to have totally user-generated future editions.

Occasionally B2B is mixed with B2C, as in the case of the InnoCentive site, which allows 180,000 freelance scientists, engineers, entrepreneurs, students and academics to work on problems posed by industry, creating and selling solutions in return for cash rewards. Major players are involved, including NASA and *The Economist* as well as Accenture and Booz Allen Hamilton.

One outstanding UGC web site is www.threadless.com, whose loyal community of graphic designers, artists and generally creative people send in designs for new t-shirts. The community votes for the best one, then Threadless produces it and sells it back to the community. The retail trade has spotted these high-quality and unusual t-shirts and now orders significant quantities of their limited-edition, high-quality products. Threadless has 1.5 million followers and a turnover of £20 million.

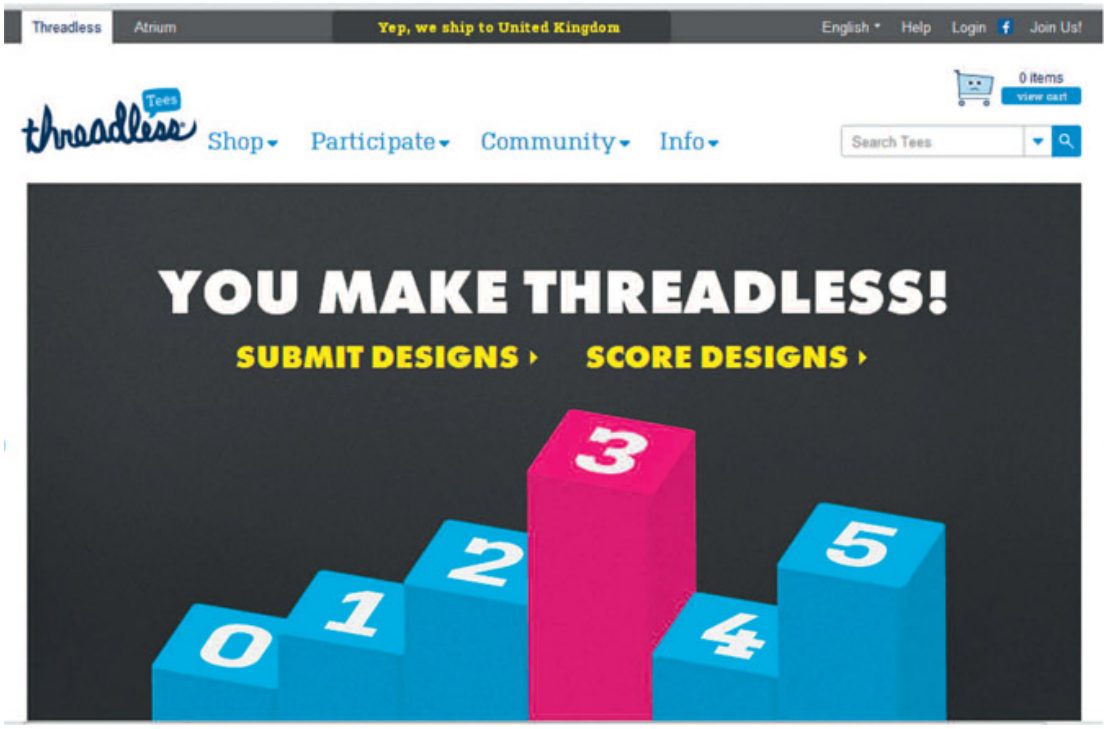

Figure 3.24 Threadless t-shirts

Source: www.threadless.com

For almost ten years highly successful companies have been nurturing user engagement; e.g. IBM also uses open innovation for its Big Green

Innovations unit. Likewise, Proctor & Gamble (P&G) revamped its innovation model by adopting open innovation back in 2008. Fifty per cent of P&G's Innovation & Research comes from external collaboration. Proctor & Gamble has gone from being an inward-looking organization ('Fortress P&G') to a corporation that relies on external collaboration for most of its innovation and research (Business and Innovation, 2008).

From Intel to Xerox, NASA to Novell and Vodafone to Virgin, more and more organizations are unleashing the collective brainpower of people outside their organization.

Successful UGC and even the lower levels of engagement are dependent on a vibrant, responsive audience and one of marketing's often forgotten fundamentals – systems and processes that work, and basic marketing principles of testing interfaces and back-office systems. Usability testing is a prerequisite. Remember, web sites are fun, but back office means business.

All of these UGC systems draw from the basics of perfect marketing processes and the passionate attention to detail required if user-generated systems are to work successfully.

Ask: 'How well are we measuring the engagement of our different online audiences and then closing the loop by using the data to identify the advocates and deliver more relevant communications?'

Digital Marketing Insight

BBC Radio Northern Ireland takes UGC to a new level

Co-creation and user-generated content have been around for a long time, as is the case with radio show phone-ins, whereby the audience's input and opinions are a key part of the programme. However, BBC

Radio Northern Ireland took it to a new level some years ago when they felt that the audience input was so funny that they should make an animated TV show from it. They even kept, with permission, the callers' actual voices and dubbed them into the animation. Called *On the Air* by Flickerpix, some of the series is still on YouTube (Figure 3.25).

Figure 3.25 *On the Air* used real audience voices from the radio show in the animated TV programmes

Digital Marketing Insight

Collaborative co-creation is a natural instinct – it's an unselfish gene

For generations, we have operated on the assumption that human beings are fundamentally selfish, and so we have built systems and

organizations around monetary incentives, rewards, and punishments. That hasn't always worked very well.

Now the tide is starting to turn. In fields such as evolutionary biology, psychology, sociology, political science and experimental economics, researchers are seeing evidence that human beings are more cooperative and behave far less selfishly than we have long assumed.

The success achieved by such collaborative offerings as Wikipedia, Craigslist, Facebook, and open source software has, in fact, a scientific basis. Dozens of field studies have identified highly successful cooperative systems, which are often more stable than those based on incentives. Moreover, researchers have found neural and possibly genetic evidence of a human predisposition to cooperate. Evolution may actually favour people who collaborate and societies that include such individuals.

Organizations would be better off helping us to engage and embracing our generous sentiments rather than assuming that we are driven purely by self-interest. We can build collaborative systems by encouraging communication, ensuring that claims about community are authentic, fostering a feeling of solidarity, being fair, and appealing to people's intrinsic motivations.

(Benkler, 2011)

MANAGING COLLABORATIVE CO-CREATION

This requires expert management skills covering legal rights, financial agreements, regular communications, project management; in fact, this also requires crystal-clear rules, clear leadership and transparent processes for setting goals and resolving conflict. As with any form of crowdsourcing, the

key is to develop a cost-effective, consistent and fair filtering process from the very start.

Once mastered, however, the results can be fantastic as essentially the business becomes a pure customer-driven business – marketing utopia.

Social Business

Move over social media, here comes social business.

In the last millennium (around 1997), IBM introduced e-business. They were right. Now they are introducing 'social business'. We've seen how the Ladder of Engagement encourages businesses to become more customer-centric, particularly as they move up to the higher levels of engagement such as collaborative co-creation. Social media has helped many companies to become more customer-centric. Social media also facilitates the idea that 'people do business with people' (not companies). IBM discovered (Neisser, 2011) that adding IBM 'experts' to various web pages and testing this in A/B testing revealed dramatically improved page performance. The brand experience for an IBM customer is an experience with an IBM-er. Therefore, as Neisser suggests, employees need to become digital citizens by being comfortable with social media and being given time and resources to exploit it so that more people in decision-making units can enjoy the IBM experience with an IBM-er.

However, many large organizations are afraid of what their employees might do with social media even though they let those same employees talk to customers and prospects and stake-holders outside of the company via phone, fax, email and face-to-face. As Bhargava (2011) says, 'if you can't trust your employees to do the right things and make the right choices, then maybe you need to hire better people'.

Interestingly, Gartner warned us all many years ago (2009) when they forecasted 'Social networks can ultimately destroy business models that are company-centric'. Hence the need for customer-centric social businesses. Gartner went on to say that by 2015, consumers will have an almost effortless ability to monitor quality, pricing, availability and business sentiment, and find alternatives. Witness e-customers' 'post-literacy era where everyone and everything is rated' (see Section 4.11 in Chapter 4 on digital customers).

Chapter Summary

1. Models describe the process by which business is conducted between an organization, its customers, suppliers, distributors and other stakeholders. Managers need constantly to review how electronic communications change existing models and offer new opportunities.
2. Online revenue models for media owners to consider include traditional CPM and fixed sponsorships, Cost Per Click models and Cost Per Acquisition affiliate models. Ads can also be displayed as part of a network.
3. Analysis of your online marketplace can help you understand customer behaviour in order to identify potential search terms with which you should promote your company and also potential partner sites or media buys.
4. New attribution models ensure that online media spend is allocated to media which are influencing sales. A single de-duplicated unified view of all digital referrers should be achieved to help understanding of how the combination of digital media to which consumers have been exposed to impacts on sales.
5. Communications models have enabled a change from many-to-one, to many-to-some and to one-to-one communication. Other new communications techniques are viral marketing, affiliate marketing and permission-based marketing.

6. Buying models can accommodate the linear process for high-involvement purchases, mixed-mode buying and traditional models such as AIDA and low-involvement ATR.
7. Hofacker's customer information processing model of exposure–attention–comprehension and perception–yielding and acceptance–retention is a valuable method of enhancing the communications efficiency of a web site.
8. A quality product, service and web site are basic prerequisites to build customer loyalty. The role of the web in advocacy and negative mentions should be assessed and monitored.
9. Business is undergoing massive changes in its business models, particularly since the introduction of social media.
10. The Ladder of Engagement model demonstrates how selected customers can become more engaged with a brand and ultimately how this can create a whole new business model. Social business models are next as employees are empowered to utilize social media.

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Self-test

1. Summarize the main online revenue models.
2. Explain the concept of commoditization.
3. Do you think value networks or the external value chain is a more useful model for defining digital marketing strategy?
4. Explain the relevance of the prosumer concept to the modern marketer.

5. Describe how the B2B marketer can use the concept of e-procurement to enhance sales to existing and new customers.
6. Describe marketing tactics to accommodate changes to the distribution channel for your organization.
7. Outline the changes from traditional mass communication to new communications models.
8. Which digital marketing tactics should be developed to accommodate different buying models?
9. Apply Hofacker's model of customer information processing to your organization's web site.
10. Outline models to help build customer loyalty.

Chapter 4
Digital customers

> We have only two sources of competitive advantage: the ability to learn more about our customers faster than the competition; the ability to turn that learning into action faster than the competition.
>
> *Jack Welch, former GE CEO*

Overview

This chapter looks inside the online customer's mind. We explore customers' issues, worries, fears and phobias as well as other motivators for going online – and how marketers can respond to these behaviours. We also look at on-site behaviour, the online buying process and the many influencing variables. We finish with a look to the future, your future, and how to keep an eye on the digital customer.

Overall Learning Outcome

By the end of this chapter, you will:

- Understand online customers and their buying behaviour and how they differ from offline customers.
- Overcome the issues and concerns that online customers have.
- Begin to move Digital customers through their online mental stages.

CHAPTER TOPIC		LEARNING OBJECTIVE
4.1	Introduction	Identify the changing customer expectations and how to satisfy them
4.2	Motivations	Evaluate and respond to the factors that encourage users to adopt and stay using the Internet
4.3	Expectations	Determine the facilities that customers require online
4.4	Fears and phobias	Evaluate and manage the fears and phobias that hinder online transactions
4.5	Online information processing	Recognize how visitors process information and how marketers can respond to this. Identify the online buying process
4.6	The online buying process	Support the buying process through traditional and digital channels
4.7	Relationships and loyalty	Understand online relationship marketing techniques that maintain relationship and nurture loyalty
4.8	Communities and social networks	Assess the suitability of techniques used to foster online communities and how to build active/lively online communities
4.9	Customer profiles	Describe the profile characteristics of online customers, both B2C and B2B
4.10	Researching the online customer	Assess the process, techniques and measures used by customer to research and assess online marketing effectiveness
4.11	The post-literate customer	Paint a picture of the future and the new online customer's changing behaviour patterns

4.1 Introduction to digital customers

Understanding customers is fundamental to successful marketing. Good marketers know their target customers inside out and upside down. They are able to put a microscope on their buyers. Understanding online customers is even more important, as the geographic and cultural spread is often much wider. Online customers also have different attitudes to both acquiring information and buying online. On top of this, the same person may both think and behave differently online than offline. So overall, e-marketers have to watch their online customers even more closely.

Online customers are changing. Not only do they talk back, they now shout back and even bite back if brands break their promise. For some time, customers have unlocked 'brand control' from marketers and set up their own brand discussions. Although they are still time-compressed and information-fatigued, they have found a new energy fuelled by social media which allows them to fulfil their age-old desire to communicate about what interests or concerns them. Customers now have a platform to raise their voices and some of them can't stop shouting! Some estimates suggest that even an excellent product or service can have up to 5 per cent of negative reviews (giving less than a 5/10 score).

Digital Marketing Insight

Visually driven, multi-tasking butterflies with shrinking attention spans

You will see how we are all becoming more visually driven in Section 4.5. Plus we multitask. As mentioned in Section 3.7 on buying models in Chapter 3, millennials (born between 1980 and 2000) tend to multitask (browse their mobile while watching the TV or attend meetings while tweeting). Plus millennials behave like butterflies: flitting back and forth between product reviews and price comparisons

and last minute offers as well as other tasks, avoiding the traditional linear buying process.

And attention spans are shrinking. Estimates from Harvard for the first televised live TV debate between Nixon and JFK in 1960 suggested the attention span was only 42 seconds. Kennedy delivered key points within 40 seconds. He won the election. Fast forward to Obama in 2008 and 2012: some estimates suggested attention spans had fallen to just five seconds. Hence Obama's snappy one liners 'Yes We Can' were repeated across many platforms. Obama won. There was of course a lot more than just snappy one liners in the Obama campaign – see the video interviews of Obama's Head of Digital (for both campaigns), Teddy Goff, on www.PRSmith.org/blog on 'How to win the next US election'.

Customers have been abused by businesses which dump sloppy service on them, again and again. Survey after survey reveals that we have, in fact, gotten worse at marketing over the last ten years. And customers are angry. They are also increasingly impatient and less forgiving. The clock is ticking. We are still sitting on a customer-service time bomb.

Surprisingly, we've gone backwards in marketing. We are in an era of declining marketing skills, as detailed in Chapter 8 on e-CRM. Meanwhile, automated customer-service telephone queuing systems and unworkable web sites have not helped. Robotic answering machines with self-service menus dump all the work on the information-fatigued, time-poor customer. Add web sites that don't work, with dead ends, error messages, complicated navigation and – if you have the patience to struggle through all of that – electronic shopping carts that crash. The customer-service time bomb is ticking. The angry customer can be seen lurking amongst the many blogs and hate sites attacking brands. These can fuel an exponential spreading of negative word of mouth (or 'word of mouse').

Customers will not tolerate bad service, and will gladly accept offers from competitors when they inevitably come knocking on their door. Add in customers who talk back and also who talk to each other using their new social media platforms of power. Social network sites facilitate customer discussions (Coca-Cola never asked for rockets, it just happened that customers discovered that mixing Coke and Mentos mints caused an explosive reaction and customers started posting videos of this phenomenon). Customers talk because they want to share opinions, others are hungry for fame and others want to meet new friends or simply transcend to another place.

Customers have unlocked 'control' from communications as user-generated content (UGC) is not totally controllable. Social media will continue to grow in line with the very human need for social contact. Customers have been mobilized by social media.

Digital Marketing Insight

'His own company's online service was like a foreign country he had rarely visited'

Recently, I had problems with online banking. After lots of frustration with technical support, I rang my bank manager. In the past, whenever I had a problem he had been extremely helpful and made sure it was resolved immediately. This time around, things were different. 'I'm not technical,' he told me. He began to talk about his bank's online banking service as if it were a foreign country he had rarely visited. He was behaving like a typical senior manager when it came to IT. He wanted to wash his hands of responsibility. It was not his domain. IT, it seems, is not the responsibility of senior managers or CEOs. They have much more important things to do, obviously.

(McGovern, 2010)

We are possibly on the cusp of a customer revolution, bringing an end to accepting sloppy service and also an end to the mass-market dumb-downed customer. As *Wired* editor and author of *The Long Tail*, Chris Anderson, says:

> ***For too long we've been suffering the tyranny of lowest-common-denominator fare, subjected to brain-dead summer blockbusters and manufactured pop. Many of our assumptions about popular taste are actually artifacts of poor supply-and-demand matching – a market response to inefficient distribution.***
>
> ***(Anderson, 2006)***

Online digital markets facilitate obscure niche markets as easily as they do mass markets. In the online world it can be as profitable to serve 100 customers, spread across the world, with 100 different digital products as it is to serve 100 local customers one standardized product. This opens a gate to consumer taste which takes it away from the 'tyranny of the lowest dumb down denominator' (Anderson, 2006). Instead of a handful of powerful marketers recommending, and often determining, what is in and what is out – there is now a mobilized customer, generating their own particular recommendations and creating many smaller nice demands.

Although spread across the world, customers with similar interests can communicate and share thoughts through images, audio, video and text anywhere in the world. This means that clusters of customers with similar tastes and interests are connecting with each other to form new global niches and segments. Global markets are here; for example, Manchester United Football Club has an estimated 70 million fans around the world and Al Jazeera International's English-language TV news service has a 100 million audience worldwide. As media follows markets, media consumption may go global; therefore marketers must remember that brands with international ambitions must have a consistent global image – production should be international in catering for international audiences and content rights should be global. Creating content that users can pass on via their networks is an increasingly important channel of communication. When using these channels, brands must think global. Multiple local and

conflicting brand identities will not work. In addition, localized brand names can often restrict brands from international sales. Smith and Zook (2016) list several restrictive brand names including: Sic (French soft drink); Pschitt (French soft drink); Lillet (French soft drink); Creap (Japanese coffee creamer); Irish Mist (in Germany, 'mist' means manure); Bum (Spanish potato crisp); Bonka (Spanish coffee); Trim Pecker Trouser (Japanese germ bread); Gorilla Balls (American protein supplement); My Dung (restaurant); Cul toothpaste (pronounced 'cue' in France, which means 'anus'); Scratch (German non-abrasive bath cleaner); Super-Piss (Finnish car lock anti-freeze); and Spunk (jelly-baby sweet from Iceland). For more, see www.prsmith.org/books.

Think global, but act local – remember, not all consumers use Facebook and Twitter. They're banned in China. Weibo, China's Twitter, which blends Twitter and Facebook, is massively popular as users can post video, comment and debate with 140 Chinese characters (which means they can express three to four times more in that 140-character constraint).

The Internet has opened up the global village even more and changed business dynamics radically (see Chapter 3 on digital models and Section 3.10 in particular). It has created a level playing field for the smaller niche brands to compete with the established global players. Small brands have access to bigger, global, markets and can communicate directly with customers across the world in new and more meaningful ways – ways never dreamt of ten years ago. Power will be prised away from those major brands that are not prepared to change. *Social networks can ultimately destroy business models that are company-centric* (Gartner, 2009). See Section 3.10 on social business in Chapter 3 for more.

The database holders will take control. Imagine opening your fridge and as you take the last can of Guinness, the fridge asks you if you'd like to replace the beer online automatically with a competitor's new stout? It's the database holder who knows who drinks what beer, when and where, or at

least simply records the last beer's bar code as it's taken out of the fridge. The key to accessing the customers' databases embedded in fridges and microwaves, cars, phones and PDAs is not the hardware, but the intelligence to know exactly when you might like to replace something with a special offer (see Smith, 2016a).

Along with changing customer needs comes changing media consumption patterns. TV used to be pushed at impassive couch potatoes. The web, on the other hand, was, and still is, a 'pull' medium. Content is pulled down to a computer with a conscious click. This viewer is in control. It turns out that the old heaving mass of supposedly slovenly couch potatoes actually like to be active, interactive, even participatory, to influence the programme, its result and even choose the time to view it (as well as enjoy the instant gratification of immediate online purchase and delivery wherever and whenever required). The era of 'appointment-to-view' TV is over. Perhaps the slothful couch potato was simply a function of the absence of interaction (technology) rather than intrinsic defects in human nature? As media technology and audiences move from push to pull, marketers are witnessing a radical increase in consumer sovereignty where informed customers can easily compare prices, alert each other to quality issues and brand messages and challenge marketers directly.

Customers continue to change their media habits; digital customers also have a big appetite for small screens. More entertainment is consumed on mobile than on the big screens.

Elsewhere, others customers use virtual worlds to meet new people, to break out of their old offline groups and even to escape from their bodies as men become women and women become men or other types of avatar, including animals and hybrids, in a new virtual world. Interestingly, some people with disabilities enjoy virtual worlds since there are no physical barriers and no discrimination – visitors can become whatever they want to be and can

move, talk, dance, play games, do business and have fun just like anyone else.

Digital Marketing Insight

Can disabled people become enabled in virtual worlds?

Tim Guest (2007), in his book *Second Lives*, suggested that patients suffering from cerebral palsy find virtual worlds like a second life, fulfilling their desire to be free from the shackles of a wheelchair or free from the stigma of having a disability. In this sense, the online experiences have created a level playing field for all customers. Roll on Occulus and other engaging experiences.

Consumers Value Privacy and Trust

On this new level playing field, privacy, trust and time are emerging as new currencies that have a very high value in customers' minds. Customers are cautious about giving up private information. They are also busy and don't like wasting time (if you can save your customer time, they will like you even more). They expect you to protect their privacy (hence privacy statements are de rigueur for every web site). Equally, customers resent being asked for too much information or being asked for information when they haven't yet established any relationship. Many customers lie when filling in online forms – over half of those surveyed, as revealed by Adestra (2006) – when they are asked for personal information.

Privacy – a new currency

Customers value their privacy. Many customers resent intrusive marketing invading their private time and space. So companies like Coca-Cola invite youth customers into Coca-Cola's world of sponsored music instead of invading the customer's space with ads. Customers want to choose when and where they receive information or ads. Having said this, customers welcome relevant help from companies which know how to genuinely save customer time or deliver them new experiences that enhance their lives or their jobs. Customers do like personal, tailored (relevant) communications, whether opt-in email or personalized web sites. It has been said that 'enlightened companies … remember information for helping customers not just information about them' (Wright, 2006: 51). This builds trust in the relationship.

Do people trust people more than web sites? Well, people trust well-known and well-respected brands. Why else would you give an unknown American your credit-card details and home address (when buying books off Amazon)? In the UK, several major brands score higher in trust than the church and the police. Well-managed brands are trusted as long as their promise is never broken. How do you feel when a web site remembers your name? And when it remembers your preferences? Are we content to have unconscious relationships with brands, robots and machines as well as people? Some sites display team members behind an organization as they know that 'people still do business with people'.

Trust is increasingly important as online customers live in a dangerous environment of privacy invasion and identity theft. If mobile subscription fraud is actually easier and more profitable than drug smuggling, then it will attract more criminal behaviour online. Criminal gangs are actively targeting mobile operators as telecoms fraud becomes a massive sector, and fears grow that social networking web sites can leave both an individual and a business dangerously exposed to fraud. Personal data can be compiled from public profiles that customers post about themselves in social network sites.

Time is a new currency

Money-rich, time-poor customers need to find information quickly and make transactions easily. We 'spend' time carefully. We avoid wasting it on slow or confusing web sites of apps. Well-designed sites can satisfy impatient customers, build relationships and nurture loyalty through added relevant value. Today, visitors are reducing the number of sites they regularly visit, but they are spending more time on those selected sites. These 'sticky sites' keep visitors longer with relevant material and services that constantly, genuinely, help their customers. In return, customers are prepared to spend more of their 'share of wallet' on a broader range of products from a single site. Growing 'share of wallet' makes sense since it is 'five times cheaper to sell to an existing customer than a new one'; in fact, online, it can be ten times more profitable (Laurent and Eltvedt, 2005). Brand extensions, web rings, alliances and marketing marriages can extend a product range (and grow share of wallet from a customer) and satisfy a needy customer simultaneously.

Despite having a wider choice, customers are starting to consolidate their choice of preferred web sites. So this creates an opportunity for marketers to develop 'sticky' web sites that keep visitors on the site with easy-to-find, relevant information and services. Ask yourself what is on your site that might attract a visitor to come back a second time and, ultimately, regularly revisit the site and develop a strong relationship with the site or brand. Remember, the second visit is the start of the relationship. By getting it right now, there is a possibility of creating competitive advantage by developing a strong relationship with online customers which protects you from the inevitable onslaught of competition.

Finally, watch how B2B digital marketing is often much more sophisticated than B2C digital marketing. They perfect *scenario planning* to identify how online services can really help customers in their daily lives. The web site of a company like Kingspan Insulated Roof & Wall Systems actually helps

architects to design and specify materials they need online quickly and efficiently. Other companies, like National Semiconductor, have been giving engineers who design component parts for mobile phones and DVD players access to their 'web-bench' – a sophisticated online design, test and redesign programme that allows them to do in two hours what previously took months. They have over 30,000 design engineers on-site generating 3,000 orders or referrals every day (one such order for an integrated socket for Nokia was for 40 million units). Learn from best practice wherever you can find it. They've been doing this for approximately 15 years.

Digital Marketing Insight

Would you like plastic with your credit?

Approximately ten years ago, a completely different mindset applied to customers in certain countries. In South Korea, the Visa credit-card company will ask you on a new Visa card approval on the phone, 'Do you want plastic with the credit?', as the credit-card functionality will automatically be enabled on your mobile phone and the old-fashioned plastic card for your wallet is a free optional extra, only really needed if you travel outside South Korea.

(Ahonen and Moore, 2007).

Ideal Customers

Now comes the important and interesting bit – knowing your customers. Who are your ideal customers? You have good and bad customers. Bad ones continually haggle about prices, pay late, constantly complain, grab all your

promotions and leave you as soon as another company comes along. The ideal customers, on the other hand, are the ones that pay on time, give you as much notice as possible, share information, become partners giving you useful feedback. You know the ones – they are a pleasure to work with. But who are they? What makes them different? What do they really want? How can you help them even more? Are they online? Targeting, satisfying and keeping the ideal customer are crucial.

Ideal customers are worth more than you think. Pareto's 80:20 law suggests that 80 per cent of your sales comes from only 20 per cent of your customers. Some estimates suggest that your best 20 per cent of customers generate 140 per cent of your profits. This means that many of your other customers generate losses. A company's best customer could be worth 30 times the worst customer. Anderson's (2006) long tail theory challenges Pareto and suggests otherwise.

Regardless, you need to know – who are your best customers? Are all of them online? So we need to know our ideal customer's profile – who they are, where they are, what they want, what they spend and any distinguishing characteristics. How do we recognize them on a database? What questions should we ask them about themselves? We need to know them better than they know themselves!

Practical Digital Marketing Tip

Assessing the differences in your online customers

Multi-channel businesses should assess the characteristics of their online customers in comparison to their traditional offline audience. How do the demographics differ, how do the length and steps in the buying process differ? How do the purchase patterns differ in terms of category, frequency and value? Then use the differences to develop

tactics which suit the online audiences, but also encourage the offline audiences to use your online services before the competition offers its services to your customers.

We need to understand their mindset, their attitudes, aspirations, expectations and motivations (Sections 4.3 and 4.2 respectively). We also need to know the barriers to buying online – their fears and phobias (Section 4.4). We need to know where our proposition sits with their needs, their lives, their jobs – 'their worlds' – both online and offline.

We also need to know their purchasing process (Section 4.6) – the stages they move through and the information needs they have at each stage. We need to know their information processing stages (Section 4.5): how they acquire information (what channels), how they learn about products and offers, what words they search with, what words (and images) arouse them to take action. How their perception screens out some offers and filters in others.

In general, the online customer is different to the offline customer. Despite living in an information-cluttered and time-compressed world, the online customer is empowered like never before: more information, transparent prices, more rights. They also realize the value of their time and attention. Witness the rise of permission-based marketing and the demise of the effectiveness of intrusion-based marketing. Remember, assumptions you might have about existing offline customers may not apply online. Even the same customer may display different characteristics online and offline.

Engaged Customers = Customer Engagement

If you can understand and influence engagement better than your competitors, then this will help you develop brand loyalty and, if used

correctly, a real customer-driven business (see Section 3.10 on the Ladder of Engagement in Chapter 3).

The ideal customer, or most valuable customer, does not have to be someone who buys a lot. The ideal customer could be an influencer who is a small irregular buyer, but who posts ratings and reviews as their reviews can influence another 100 people. 'Engaged customers' are probably going to become brand zealots if we keep them engaged. Therefore it is important to identify 'engaged customers' and start a brand ambassador programme to further strengthen the relationship and energize their word of mouth.

We can monitor the quantity and frequency of blog posts, forum discussions, reviews, profile updates, etc. This identifies opportunities and also acts as an early warning system for any future problems. Consider targeting brand evangelists rather than just purchasers. Some companies actually ask customers to give a product rating or even post a product review as a standard part of their after-sales contact strategy. This way the more engaged customers identify themselves by their own self-selection.

You should use our engagement checklist (Table 4.1) to determine how involved a customer is with your products or services. A customer who doesn't care about the product is likely to be less committed or less emotionally attached to the firm providing the product. On the other hand, a customer who is engaged is likely to be more emotionally connected to the brand. We need to know about the sentiment, opinion and affinity a person has towards a brand. This is often expressed through repeat visits, purchases, product ratings, reviews, blogs and discussion forums and, ultimately, their likelihood to recommend a friend.

Table 4.1 Customer engagement checklist

	Involvement
1	Does the customer segment buy your product or service more or less frequently compared to your competitors?

2	Does the customer frequently purchase (defined as more than ‘x’ purchases per month)?
3	Is the customer a frequent visitor to the web site (defined as more than ‘x’ visits per month)?
4	Does the customer spend above the average site visit duration (‘x’ minutes) each time they visit your site?
5	Does the customer engage in key service interactions? For example, choosing and comparing different products.
6	Does the customer engage in minor service interactions? For example, checking the status of the account.
	Involvement
7	Does the customer visit the discussion areas or blogs?
8	Does the customer participate in discussions by posting comments regularly (‘x’ per month)?
9	Has the customer written a product review?
10	Has the customer created any other user-generated content (including uploading photos or videos)?
11	Has the customer made any connections relevant to the brand in social networks?
	Intimacy
12	Does the customer express an opinion in customer service calls?
	Influence
13	Does the customer refer other customers to the site?
14	Are you monitoring and acting on engagements in the above areas?

Ask yourself: ‘How well are we measuring the engagement of our different online audiences and then closing the loop by using this data to identify the advocates and deliver more relevant communications?’

Digital Marketing Insight

Pareto versus *The Long Tail*

Ecast, a digital jukebox company whose bar-room players offered more than 150,000 tracks – discovered some surprising usage statistics. The CEO used to ask (and people invariably gave the wrong answer), 'What percentage of the top 10,000 titles in any online media store (Netflix, iTunes, Amazon, or any other) will rent or sell at least once a month?'

Most people guess 20 percent, and for good reason: we've been trained to think that way. The 80:20 rule, also known as Pareto's principle (after Vilfredo Pareto, an Italian economist who devised the concept in 1906), is all around us. Only 20 percent of major studio films will be hits. Same for TV shows, games, and mass-market books – 20 percent all. The odds are even worse for major-label CDs, where fewer than 10 percent are profitable, according to the Recording Industry Association of America.

But the right answer, says Vann-Adibé, is 99 percent. There is demand for nearly every one of those top 10,000 tracks. He sees it in his own jukebox statistics; each month, thousands of people put in their dollars for songs that no traditional jukebox anywhere has ever carried. Suddenly, popularity no longer has a monopoly on profitability. The second reason for the wrong answer is that the industry has a poor sense of what people want. We equate mass market with quality and demand, when in fact it often just represents familiarity, savvy advertising, and broad if somewhat shallow appeal. Rhapsody streams more songs each month beyond its top 10,000 than it does its top 10,000. Google, for instance, makes most of its money off small advertisers (the

> long tail of advertising), and eBay is mostly tail as well – niche and one-off products.
>
> (Anderson, 2006)

Section Summary 4.1

Introduction to digital customers

This chapter explores online customers – who they are, why they go online, their expectations, their fears and their phobias. We examine their online buying process as well as their internal mental processes right through to forming relationships and building communities. The chapter finishes with a look at the future – the 'post-literate customer' – and shows you how to research the online customer.

4.2 Motivations

By the end of this section, you will be able to discuss why customers go online. We will try to lift the lid on online customers' heads, look inside their minds and explore what drives them online. Finally, we'll see how we can use this knowledge to get, and keep, more online customers.

Understanding customer motivations is not an option or a luxury. It is an absolute necessity for survival. If you don't know what customers want, then how can you satisfy them? If you can't satisfy them, how can you keep them or even attract them in the first place? Without this deep understanding of your customers, you're just shooting in the dark and hoping for the best – not the way to run a business.

So we need to know why customers go online. What are their motives? What needs are being satisfied?

Digital Marketing Excellence

Identifying motivations

There are many new tools (many of which are free) that help marketers to know customers arguably better than customers know themselves. Some tools can delve into our subconscious to understand what is really driving (motivating) customers.

IBM can automatically analyze your Twitter stream to reveal your personal preferences including your sexuality, race, drug use and your parents' divorce.

(Smith, 2013a)

Facebook, Cavemen, Clever Networkers, Herds or Individuals?

Group behaviour is well documented in social studies. Marketers understand the natural impulse to follow the crowd. Some sociologists believe humans are just copying machines, basically. Because humans are social animals, a large percentage of an individual's brainpower is devoted to interacting with others, watching their behaviour and wondering what they think of us. We carry this legacy with us every time we buy a particular brand of washing powder or choose what movie to watch in the cinema. We have learned or evolved to be animals that are good at copying.

In the 1960s, the sales of domestic air conditioning were followed and mapped for years. Findings showed that the best way to predict who would buy air conditioning came down to whether a person's neighbour had it. People had to see it to be likely to copy it.

Think caveman. If everyone is running away, you don't ask why; you just run. Copying means you don't have to learn everything from scratch, and you can defend or protect yourself more easily because you react to things more quickly, so it makes sense from a survival viewpoint.

The Mexican wave – why? Because everyone in the crowd can see everyone else, and is aware of the group behaviour. The Mexican wave cannot be recreated in a shopping centre, because people can't see each other, nor can they see the group behaviour.

Facebook, on the other hand, is like a digital version of the Mexican wave, because people can see what all their friends are doing. They can not only see if their friends are online, but also what their friends are doing at that time and what they have been up to in the past. If someone gets an invite to Facebook and joins, that person in turn sends invites to their friends. Wherever the herd moves next, people follow. The Internet just manifests or provides the mechanics for what we are naturally programmed to do.

If someone stands staring at the sky and pointing, that person is bound to get strange looks from passers-by, but get six or seven people standing together staring and pointing at the invisible spaceship and the crowd will swell.

Harnessing the knowledge of the herd has greater potential when it comes to building brand loyalty (Kearon, 2008).

Why Do Customers Venture Online?

Socializing, catching up on news, shopping/browsing, being entertained and being educated are typical reasons people give for going online. So, socializing through email, chat rooms, blogs and social network sites is the killer application in the B2C markets. Billions of emails are sent every day and SMS (text) messages are catching up. Leveraging the strong desire to socialize should not be underestimated. It is one of Maslow's basic defined needs.

The second most popular activity is finding out about products, regardless of whether they are to be purchased online or offline, so we need to facilitate the process of mixed-mode buying – browsing online and buying offline.

Internet users are active, not passive; they enjoy their power and love to exercise it. Comparison shopping puts them in control. The empowered online customer has more knowledge than ever before from sharing information with others and from comparison sites or shopping bots. How well do you know the comparison sites for your products and services? Seek them out and monitor them continuously.

Surprisingly, not all online customers hate real physical shopping. They just like getting good deals and being in control. The convenience of online shopping may grow in importance as time-compressed customers realize the time-saving nature of online shopping. Time saving can satisfy several needs simultaneously as the time saved can be spent fulfilling a range of unfulfilled needs.

Incidentally, many products fail to sell in large volumes online since they don't pass de Kare-Silver's 'electronic shopping test' (see Digital Marketing Insight box below) which measures the likelihood of online retail purchases.

It's simple: if customers can't find the right information about your products and service propositions, then you don't even make it into the set of brands being considered by a potential customer.

The third most popular online activity is entertainment. After adult entertainment come games, music and checking up on the latest news about a favourite band, sports team or celebrity.

It is no surprise that popular sites offer these key activities of socializing, product information, purchasing and entertainment through email and chat, search engines and product guides, shopping, community and games.

Practical Digital Marketing Tip

Support satisficing behaviour

When we create online services, we often base our designs for our customer experiences on rational models of how online users behave. However, research such as that by Penn (2005) reminds us that, in reality, consumers are often far from rational – they exhibit *satisficing behaviour* where they often act on impulse or make do with imperfect information, so we need to build this into our online designs and our design process by including calls-to-action and content which support slower, rational 'maximizer' behaviour and faster, less rational 'satisficer' behaviour. Some users will just act on impulse, so it should be easy to do that. Ultralase (www.ultralase.com) has a sign-up form on its home page, not hidden deep in the site; similarly LOVEFiLM (www.lovefilm.com) has used multivariate testing to highlight the 'Free Trial' message rather than the more rational 'Learn More' button which may introduce doubt.

B2B Customers Have Emotional Motivations Too

This rational and emotional dichotomy is not restricted to consumer purchasing but applies also to supposedly hard-nosed rational professional buying behaviour. Take small businesses selling to other businesses: they don't have the option of scale, price or bulk orders to gain an edge over the competition; they have to have a story or relationship, and need to cultivate that 'unreasonable loyalty' (Roberts, 2010).

And B2B buyers do buy into relationships built on reliability, trust and personality, as B2C buyers also buy on emotion. In fact, as brand management thought leader Jean-Noël Kapferer has noted, Harley-Davidson does not sell motorcycles, Starbucks do not sell coffee, Club Med does not sell vacations, and Guinness does not sell beer. Coke does not sell cola. Porsche buyers (many of them) don't buy a transport vehicle; they buy it because they 'simply want to prove to themselves that they have the ability to buy such a car' (Kapferer, 2004).

Here is a view of how emotion influences B2B buying:

You can see the importance of selling personal value to a B2B buyer is even more important than pure organisational value that is often pitched.

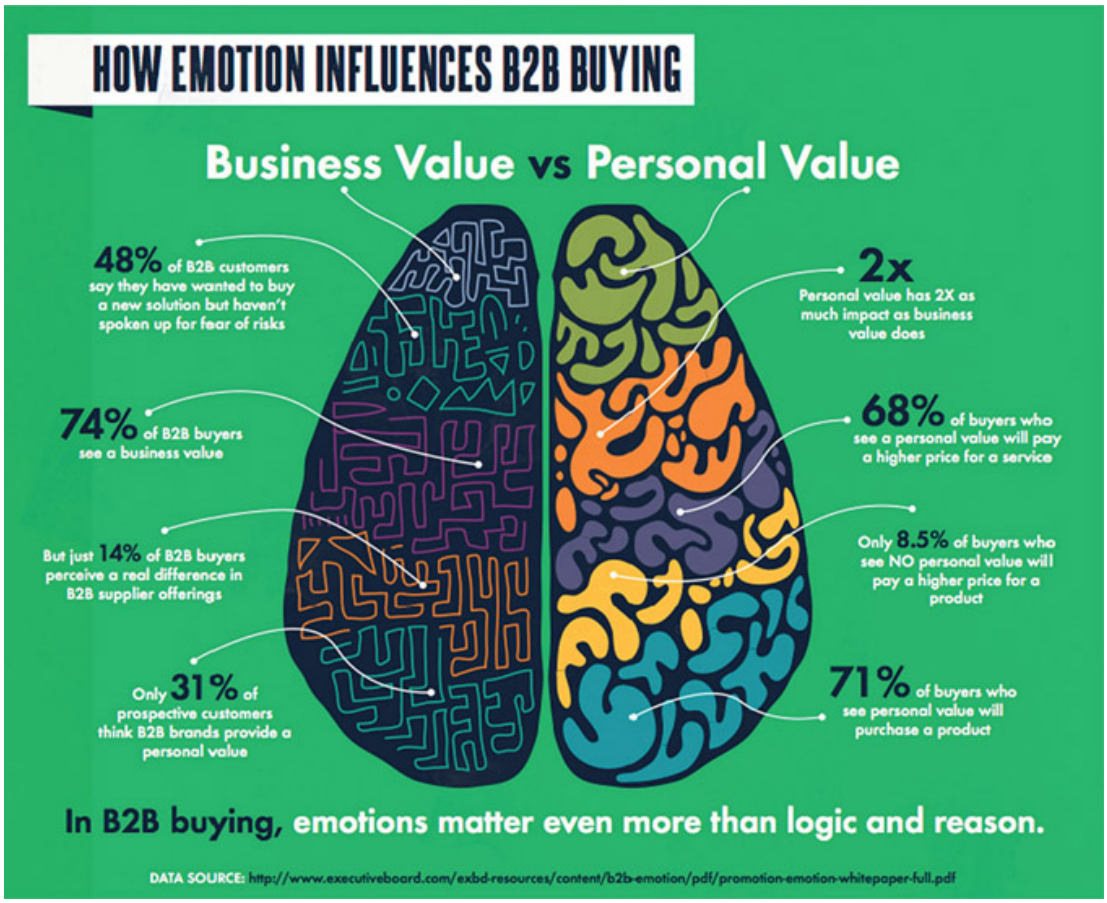
HOW EMOTION INFLUENCES B2B BUYING
Business Value vs Personal Value
48% of B2B customers say they have wanted to buy a new solution but haven't spoken up for fear of risks
74% of B2B buyers see a business value
But just 14% of B2B buyers perceive a real difference in B2B supplier offerings
Only 31% of prospective customers think B2B brands provide a personal value
2x Personal value has 2X as much impact as business value does
68% of buyers who see a personal value will pay a higher price for a service
Only 8.5% of buyers who see NO personal value will pay a higher price for a product
71% of buyers who see personal value will purchase a product
In B2B buying, emotions matter even more than logic and reason.
DATA SOURCE: http://www.executiveboard.com/exbd-resources/content/b2b-emotion/pdf/promotion-emotion-whitepaper-full.pdf

Figure 4.1 How emotion influences B2B buying

Source: www.executiveboard.com/exbd-resources/content/b2b-emotion/pdf/promotion-emotion-whitepaper-full.pdf

Digital Marketing Insight

Online customers – irrational animals?

We are still not terribly rational customers. As Oscar Wilde once remarked: 'Man is a rational animal until he is asked to act within the dictates of reason.' So it continues – the illogical, irrational consumer is still on the rampage. Penn (2005) suggests that if the 'handed down' wisdom is that consumers make rational choices and, moreover, can

explain those choices, then brain science suggests, more or less, the opposite. In this alternative view, unconscious processes mediate cognitive rational decision making, leading to a choice which can only be half understood (at best) by introspection. In other words, we can't always say with any reliability why we made a particular choice. Sometimes, we just 'do it', because 'we always do it'.

Responding to Customer Motivations

Once you know why people go online, you can apply a very simple 'Magic Marketing Formula' (Smith, 2016c).

1 Identify why people buy and what are their aspirations, motivations and expectations.
2 Reflect the reasons, aspirations and expectations in your communications. This way you give customers what they want instead of what you want.
3 Deliver a reasonable product or service.

(Smith, 2016c)

Of course, you have to be able to deliver the promised benefits. Otherwise repeat sales die, negative word of mouth spreads and the online activities damage the brand. Don't promise what you cannot deliver.

Existing offline customers can be encouraged to go online before they are besieged by other, competitive, online offerings. Remember someone, somewhere, is analyzing and targeting your market right now.

Tempt customers by offering channel choice and, something customers can't get elsewhere, the *online value proposition (OVP)* detailed in Chapter 6. Tell them how it works and how they can use it. Other motivators such as the

social aspect can be used: for home users, and sometimes for business users also, online activities are an important social tool, enabling conversations with participants known and unknown, from near and far. Also, useful member-get-member promotions amongst existing customers help members to help others with useful information about interesting offers. Word of mouth and referrals are powerful tools. Remember, reassurance is vital since security is a major fear and phobia. Section 4.4 below explores fears and phobias.

We suggest that you consider the 6Cs of customer motivation to help define the OVP (Chaffey, 2004):

1. *Content*. We know that relevant, easily digestible, content is still king. Online content should provide something that supports other channels. Often this means more detailed, in-depth information to support the buying process or product usage. As well as text-based content which is king for business-to-business, there is also interactive content which is king for consumer sites and particularly brands. Remember that context is also king. Context provides the right information, personalized for the right segment, using the right media to achieve relevance.
2. *Customization. Mass customization* of content delivers personalized content viewed as web site pages or email alerts. This is commonly known as personalization or tailoring of content according to individuals or groups – see www.siebel.com for a great example.
3. *Community* (and participation), or 'social networks'. Online channels such as the Internet are known as 'many-to-many' media, meaning that your audiences can contribute to the content. For consumer retail, review sites such as Epinions (www.epinions.com) are important for informing customer perceptions of brands. Similarly, in business markets, some specialist communities have been set up. For example, E-consultancy (www.econsultancy.com) has forums and reviews which discuss issues in the supply of e-business services. Encourage customers

to share the experience by adding one click to post your content on your customers social platforms.

4 *Convenience.* Convenience is the ability to easily find, select, purchase, and in some cases, use products, from your desktop at any time; the classic 24/7 availability of a service.

5 *Choice.* The web gives a wider choice of products and suppliers than traditional media. The success of online intermediaries such as Kelkoo (www.kelkoo.com) and Screentrade (www.screentrade.com) is evidence of this.

6 *Cost reduction.* The Internet is widely perceived as a relatively low-cost place of purchase. In the UK, Vauxhall has keyed into this perception by offering Vauxhall Internet Price (VIP); in other words, lower prices than through dealer-based distribution. Similarly, a key component of the easyJet OVP when it launched was single tickets that were £2.50 cheaper than tickets bought through phone bookings. This simple price differential together with the limited change in behaviour required from phone booking to online booking has been a key factor in the easyJet online ticketing channel effectively replacing all other booking modes.

Gamification is an additional factor that can affect customer motivation. Gamification draws upon the science of motivation and applies it to motivate customers, distributors and staff in new online exciting ways aimed at higher levels of engagement. Gamification involves comparing online users' activities and preferences such as ratings (Smith, 2013b).

Digital Marketing Excellence

Nudge theory and subconscious motivation

'Nudging is about orchestrating persuasion on a subconscious level by sidestepping arguments and leading people down the road' says Ogilvy analyst Daniel Stauber (Benady, 2014). Nudge theory is a way of appealing to people's logic or emotions.

The UK government has its own nudge division (the Behavioural Insights Team – or 'Nudge Unit'), set up by UK Prime Minister, David Cameron in 2010 and privatized in 2014. The Behavioural Insights Team uses insights from behavioural economics to find canny, cost-effective ways of encouraging people to make choices 'that are beneficial to them and society' (Benady, 2014).

David Benady says: 'It has used these techniques successfully with the HMRC to increase tax payments by tapping into peer group pressure (and sending out reminder letters stating that most people in the area have paid their tax). These services are now being sold to other countries like Guatemala who have seen increased income tax declaration increase by 52 per cent.'

Digital Marketing Insight

de Kare-Silver's electronic shopping test

This assesses the consumer's propensity to purchase a retail product using the Internet; de Kare-Silver suggests factors that should be considered in the electronic shopping test:

1. *Product characteristics.* Does the product need to be physically tried or touched before it is bought?
2. *Familiarity and confidence.* Considers the degree to which the consumer recognizes and trusts the product or brand.

3 *Consumer attributes.* These shape the buyer's behaviour – are they amenable to online purchases in terms of access to the technology, skills available and do they no longer wish to shop for a product in a traditional retail environment?

Typical results from the evaluation, where products are scored out of 50 for suitability for electronic commerce, are:

- Groceries (27/50)
- Mortgages (15/50)
- Travel (31/50)
- Books (38/50).

According to de Kare-Silver (2000), any product scoring over 20 has good potential, since the score for consumer attributes is likely to increase through time. Given this, he suggests companies will regularly need to review the score for their products.

It is interesting to note that Robert Cialdini's classic rules of persuasion are based on a solid understanding of motivation and are subsequently referred to by many digital marketers and gurus in presentations. It is even more interesting to note that Cialdini wrote his classic rules of persuasion in the 1980s, long before digital ever appeared. You can see a summary of his six rules of persuasion in Section 4.6.

Understanding what motivates people online is critical for marketers to be able to use the magic marketing formula (identify needs, reflect them and deliver a reasonable product or service). However, B.J. Fogg at Stanford University suggests that targeting a customer's relevant motivations is just one of three key variables that need to be in place in order to change the behaviour of a customer. Fogg says:

> ***Three things have to happen to change behaviour:***

1 Trigger (call to action) e.g. email alert from facebook (note the 'trigger' comes to me in the course of my normal behaviour – this is very important)
2 Be motivated (being told you've been tagged in a photograph generally makes people want to see the photograph
3 Have to have the ability to do the behaviour (one click link to see the photo). If these 3 things come together at the very same moment – they change behaviour.

(Fogg, 2009)

Actually understanding these variables as well as customer expectations, fears, phobias, relationships and their information processes and buying processes is required. Let's now look at customer expectations.

Section Summary 4.2

Motivations

B2C customers are motivated to go online for a range of reasons – social, shopping, entertainment. B2B customers are driven by cost savings, speed and selling. Enlightened companies realize there are other motivators such as enhanced customer relationships. In addition to delivering an excellent product or service, find what motivates your customers and then reflect it through your online and offline communications – a simple formula for success.

4.3 Expectations

By the end of this section, you will begin to know how to manage customer expectations. This section reviews what customers expect when they visit a web site and how to deliver these expectations.

What are the Online Expectations?

Online customers have raised expectations. They expect higher standards in terms of service, convenience, speed of delivery, competitive prices and choice. They also want, if not expect, to be in control, secure and safe. The problem with raised expectations is that first, they are crushed more easily, and second, they can damage the brand if not fulfilled.

Online customers expect fast service and fast delivery. The Internet and everything associated with it suggests speed. If online businesses do not deliver speedily, then online customers are disappointed, annoyed, angry and sometimes vociferous. Even if delivery takes the same time as the retail store, the online customers often expect a little more (whether it is a price discount, wider choice or whatever). This is the problem with raised expectations.

Separate research from Microsoft and Google shows that it only takes a quarter of a second's delay in page loading time for customer frustration to build. Microsoft found that a delay of two seconds resulted in a 4 per cent loss in revenue (Dixon *et al.*, 2010). Today's customers have become even more impatient since then. They expect immediate information. Any delays will be penalized by abandoning web sites and conversion rates falling through the floor. So deliver fast page downloads – customers don't like to wait; e.g. page download speeds falling from two seconds to four seconds can cut conversion rates from 3.75 per cent to 2.2 per cent. Put it another way: reducing page loading time from four seconds to two seconds increases conversion rates by approximately 70 per cent. This can be huge. For some companies, this increase in conversion rates is the difference between survival and failure. There is a correlation between download speeds and conversion rates (Soames, 2012). Other research (Tagman, 2012) suggests that just one second's delay in page-load can cause 7 per cent loss in customer conversions.

Now consider a customer's expectations when buying a book online. Top of the list of online customer expectations is minimizing the time on-site and delivering what is promised, but there are many other requirements (see the Digital Marketing Insight box on customer expectations for an online retail purchase, below).

Online customers, quite reasonably, expect things to work – they expect to find what they want easily and buy what they want easily. The Internet is a quagmire for the destruction of both raised expectations and even ordinary expectations.

Also, customer expectations change over time. *An increasing number of customers prefer to access online information via mobile only. Some customers abandon email and only use Facebook (in fact, by 2010, Boston University had stopped giving out email addresses as students prefer, and now expect, to only use Facebook for their information feeds).*

Sadly, it seems there are many exceptions to perfect service as discussed in the introduction. Customer service is critical; poor customer service rather than price or features is the number one reason why customers don't remain loyal to a company.

So if online access via mobile is increasing, it is logical for customers to expect reasonable web sites (via mobile). But do all companies cater for this growing need and growing expectation? Mobile-friendly sites essentially improve customer service.

Customers do not expect to see tiny overpacked web sites when they search via mobile, but that's what many will find. With their expectations crushed, they'll leave these web sites behind and migrate to other sites that have bothered to present them with mobile-optimized sites where they will enjoy a better user experience which makes them want to do business with the site. With less space, ensure that the key tasks that customers expect to be

able to carry out are optimized; e.g. key messages; links to site pages; click to call phone number; and link to view full web site.

Buy? Get a free consultation? Customers don't expect to see all the pages a regular site has, but they do expect to be able to easily find the main key tasks quickly.

Simplify the world for your customers

When designing for mobile, simplify: create simple, user-friendly customer experiences (CXs) for mobile consumers. Surprise your customers. Use digital to enhance their CX with pleasant surprises. Double check that your mobile experience is easy, quick, and ideally, enjoyable.

Note: web sites built on blog engines such as WordPress can install a widget and very quickly become 'reasonably' mobile-friendly so that traffic coming onto the web site from mobiles is detected and a basic mobile-friendly version of the site is automatically presented.

So, the most significant expectation is customer service and we need to work hard to deliver this across the many interactions between company and customer before, during and after the buying process. Section 4.5 discusses the online buying process. Chapter 8 explores customer service and relationship management in much more detail. Now let's explore customer fears and phobias.

Digital Marketing Insight

Customer expectations for an online retail purchase

Our expectations are informed by our peers and by past experience. So when we shop online, we expect, or indeed demand, that the experience will be superior to traditional shopping. The list of requirements is long.

1 Easy to find what you're looking for by searching or browsing to fit in with those impulsive 'micro-moments'.
2 Site is easy to use, pages are fast to download with no bugs.
3 Price, product specification and availability information on site to be competitive and correct, but we probably prefer great customer services to great prices – this is what will keep us loyal.
4 Specification of date, time and location of delivery to be possible (and with clear multichannel options of click to collect or easy-to-use store locator).
5 Email notification when order is placed and then dispatched.
6 Personal data remain personal and private and security is not compromised.
7 Verification for high-value orders.
8 Delivery on time.
9 Returns policy enabling straightforward return or replacement.

Micro-moments' is a term coined by Google. Google recommends marketers consider four key moments (Google, 2016). They explain the importance of moments in relation to mobile devices:

> *We turn to our phones with intent and expect brands to deliver immediate answers.*
>
> *It's in these I-want-to-know, I-want-to-go, I-want-to-do, I-want-to-buy moments that decisions are made and preferences are shaped.*

Research presenting the increasing importance of these four key types of behaviour is summarized in this research as:

I want-to-know: using mobile devices for research.
I want-to-go: near me and local business searches.

I want-to-do: content to support a task, including how-to content.
I want-to-buy: consulting the phone in-store on buy decisions.

& and finally, quick online or offline answers to questions when the expectations above aren't met. This means traceability through databases and someone who knows your order status and can solve your problems.

Managing Customer Expectations

Customers' expectations can be managed, met and exceeded. How do we do this? Here are three stages:

1. *Understanding expectations.* Managing the expectations of the demanding customer starts with understanding these expectations. Use customer research and site benchmarking to help with this. Use standard frameworks to establish the gap between expectation and delivery and prioritize to solve the worst shortcomings. Use scenarios to identify the customer expectations of using the services on your site.
2. *Setting and communicating the service promise.* Expectations can best be managed by entering into an informal or formal agreement as to what service the customer can expect through customer-service guarantees or promises (see the Digital Marketing Excellence box below). It is better to under-promise than over-promise. A book retailer that delivers the book in two days when three days were promised will earn the customer's loyalty better than the retailer who promises one day, but delivers in two!
3. *Delivering the service promise.* Commitments must be delivered through on-site service, support from employees and physical fulfilment. If not, online credibility is destroyed and a customer may never return.

Detailed techniques on delivering the service promise are given in the Digital Marketing Excellence box below.

Digital Marketing Excellence

Service guarantees and promises

These can be made for a range of aspects:

- *Information accuracy*. Product specifications, price, availability and delivery times must all be accurate. How many customers did the retailer who mistakenly offered television sets for sale at £2.99 lose when it informed customers who had placed orders that it would not honour the order?
- *Email response*. How long will the company take to respond for different sorts of enquiries?
- *Social media response*. Remember that customers now expect service by their preferred social network. In Chapter 5 we see how Facebook notifies customers of the quality of response time to social media queries.
- *Security guarantees*. What happens if security is compromised?
- *Delivery guarantees*. What happens if delivery is late?
- *Return guarantees*. What happens if the product is unsuitable?
- *Price promises*. If you are offering the best prices, this should not be an empty promise. If a company uses an *attack e-tailing* approach, then frequent comparison with competitors' prices and real-time adjustment to match or better them are required. This approach is important on the Internet because of the transparency of pricing and availability of information made possible through shopping

comparison sites such as Kelkoo. As customers increasingly use these facilities, it is important that price positioning is favourable.

Service promises can also be formalized in a service-level agreement (SLA). If a business purchases a hosting service from an Internet service provider, its obligations and what it will do if they are not met will be clearly laid out in an SLA.

Section Summary 4.3

Expectations

Managing customers' expectations is even more challenging in the online world because of raised expectations. We need to:

1. Understand the customer's expectations for service delivery and the gap with current delivery.
2. Make clear service promises through privacy statements, promises and guarantees on security, delivery, price and customer-service response times.
3. Deliver the service promise through a fast, easy-to-use site (including a mobile-optimized site), with competitive pricing backed up by excellent customer service and perfect fulfilment.

Not rocket science – just common sense.

4.4 Fears and phobias

By the end of this section, you will understand the fears and phobias, or 'Fears, Uncertainties and Doubts' (FUDs) that occupy some customers' minds when going online. You will also know how to address these issues.

The average consumer is not fearful of turning on the TV or radio or picking up a telephone. Perhaps the biggest difference about the Internet is the often unconscious fear associated with it and, as marketers, we have to deal with this. You probably don't have these fears (since you're reading this book). But many of your potential customers do. Now we're going to ask you to do what good marketers are good at: empathize – empathize with customers, imagine how they feel when going online, particularly when going online for the first time, or making their first online purchase.

What are the Fears and Phobias?

Consider the fears you think your customers might have: security risks such as identity theft and stolen credit-card details, hackers, hoaxes, viruses, SPAM and lack of privacy – Big Brother syndrome – probably top your list. Then we have e-nasties such as cyber stalkers, hate mail, fake mail, mail bombs, cults and paedophiles lurking in children's chat rooms. Many of these fears are based on reality. Others fear having their computer taken over remotely by a malicious or criminal hacker. You may also have noted less significant anxieties such as not knowing what to do, fear of getting lost, fear of too much information or fear of inaccurate information. These fears centre on lack of customer control.

There are also fears about how the Internet will destroy the lives of individuals, families and the whole of society. Safety needs such as security, protection, order and stability are of great importance in our hierarchy of needs. So too, the need to be loved is strong online. People still want to be loved or accepted, or at least avoid looking 'deeply uncool' (fear). See the Digital Marketing Insights box, below. In fact, being over sociable or sharing

too much 'stuff' can irritate other people as your 'stuff' clogs up their newsfeed, which may end up with several friends 'unfriending you'.

There are also many FUDs about using Facebook Connect, such as:

- What exactly happens when I connect?
- What data is shared between my Facebook account and a web site that invites me to connect via Facebook?
- Can I disconnect? Is it easy to disconnect?
- What is the benefit of connecting?
- Will this new web site have access to my friends?

So, many sites explain carefully (as Facebook does) what exactly happens.

On a more positive note, excellent marketers understand their customers' fears and phobias and take actions to minimize them. The leading e-tailers not only have a great proposition, but they are perceived by the customer as low-risk because they eliminate customer fears.

Digital Marketing Insight

Overshare and friends might hide you or 'defriend' you

There are now new social fears arising from social media; e.g. if you accept a friend request too quickly, does it mean you are over-eager, 'deeply uncool' and desperate for friends and therefore a loser? In an MTV study, *Millennials, Decoded*, half of smart-phone-toting millennials said they were 'very concerned' that if they responded too quickly, they'd 'look like they had nothing better to do'. This generation are using each device or platform in ever-more specialized ways – for example, phone only for emergencies, IM for working together on homework. Millennials also relate digital communication to its real-life

intimacy counterpart, and see it as an equal way of connecting. Mallory, 22, said that 'sending an email is like going out to dinner and Facebook is like getting coffee or just seeing someone at the store'. By contrast, many Gen-Xers were already into their twenties before email became part of everyday life – and maybe into their thirties before the BlackBerry did (Shore, 2011).

Marketers alone cannot change some of the negative feelings about the Internet. The Internet makes great copy for the newspapers; it seems that the Internet is a scapegoat for many events that occur in modern society, whether this is babies being adopted over the Internet, discontented employees running amok, racism or indeed any immoral or illegal activity.

What marketers can, and must do, is to reassure customers that the problems they perceive are unlikely and act responsibly to minimize the risk of them happening.

Follow these guidelines to achieve reassurance, gain trust and build loyalty:

1. *Provide clear and effective privacy statements.* Visit the sites like easyJet (www.easyjet.com) for plain privacy statements which directly address customers' fear and phobias.
2. *Follow privacy and consumer protection guidelines in all local markets.* In 2003, the European Electronic Communications Regulations came into force to supplement existing European data protection laws. The essence of this law, implemented in the UK as the Privacy and Electronic Communications Regulations Act, is to make permission-based email marketing a legal requirement. *Opt-in and opt-out* are both legal requirements for email marketing to consumers (individual subscribers) in the UK. For B2B email communications in the UK, this isn't yet (at the time of writing) a requirement, but it is in many European countries, with fines of

hundreds of thousands of euros in some countries. It is also necessary to have clear privacy statements which inform users about *cookies* and *web analytics* tracking and get them to agree to the use of these technologies. These legal requirements are defined in the General European Data Protection Regulations (GDPR) which are applicable to non-EC countries including the UK and US as well as European Community members, since they are subject to the regulations of the countries where email subscribers are based.

3 *Make security of customer data a priority.* This is a requirement of data protection law. For example, you should offer the strongest encryption standards possible and use firewalls and ethical hackers to maximize the safety of customer data.

4 *Present independent site certification.* Companies can use independent third parties which set guidelines for online privacy and performance. The best known international bodies are TRUSTe (www.truste.org) and VeriSign for payment authentification (www.verisign.com). Other UK certification bodies include SafeBuy (www.safebuy.org.uk), and the IMRG hallmark (www.imrg.org).

5 *Emphasize the excellence of service quality in all communications.* This is explained in Section 4.3 on meeting customers' expectations.

6 *Use content on the site to reassure the customer.* Explain the actions they have taken. Ask them to confirm. Allow them to revoke or cancel an action. Amazon takes customer fears about security seriously, judging by the prominence and amount of content it devotes to this issue.

7 *Leading-edge design.* Marketers should challenge their site designers to make the customer experience as easy as possible with customer-centred site design. Intuitive, easy-to-use sites, where customers experience flow help to counter fears and

phobias. Customers become comfortable more quickly and word of mouth spreads positive messages.

New approaches are needed to build trust in the networked world since conventional ways of gaining trust such as personal contact are no longer practical. Credibility and trust must be built at Internet speed. Time is of the essence. For some FMCG brands, trust was built over two generations; Gap did it in ten years and Yahoo! in five years. In contrast, note that some studies show that trust is also a long-term proposition that builds slowly as people use a site, get good results and don't feel let down or cheated.

Section Summary 4.4

Fears and phobias

The typical online customer has many anxieties and FUDs. Companies that succeed in reassuring customers by clearly addressing these, by communicating their security, privacy and ease of use, backed up by real quality of service, will reap the rewards through customer loyalty.

4.5 Online information processing

By the end of this section, you will understand how customers process information – what gets through and what doesn't.

It is possible to *place cues on web site landing pages to trigger concepts unconsciously*. Robert Cialdini, in the classic *Influence: The Psychology of Persuasion* (2006), suggested that marketers should place certain cues on the

landing page so that a particular concept is triggered in the unconscious mind. He continues:

> ***What many marketers forget to do is to establish the brand's trustworthiness before expecting the target market to adopt the product … once the brand's trustworthiness is established, they can – ironically enough – mention its drawback, which can then be overcome. By failing to do that they miss the opportunity to differentiate the brand from competitors.***

Information Processing is Changing

Although this is indeed true, it is worth remembering that information processing is constantly changing. Why? Because customers are changing – even changing the way they process information. Some customers are suffering information fatigue syndrome (too much information makes them ill), social network fatigue, deals fatigue (special offers) and 'follow fatigue' (e.g. Twitter), which presents new challenges to marketers. Some segments now prefer Instagram, Pinterest and Snapchat and Whatsapp to Facebook. Audiences have got meaner with their likes and shares. They still want information and entertainment (top of the list). Listening to markets, or customers in particular, leads to a more informed business. Listening unlocks knowledge of customer needs. Engagement unlocks empathy and innovation.

The Shift Towards Visual

In addition to shrinking concentration spans, there is also a shift towards information being presented visually, as it is less time consuming and perhaps more aesthetically pleasing (as opposed to looking at a large block of text). For example:

- A picture paints a thousand words
- Blogs: 500 to 1,000 (or more) words

- Facebook: just a few words – Facebook posts with pictures and videos get more engagement
- Twitter: 140 characters – tweets with pictures get more engagement
- Youtube: no words – well, very few words – just some in the title, caption, credits and description (and the full transcript plus annotations can also now be included)
- Vine: six-second videos – ditto
- Pinterest: no words
- Instagram: ditto

(Adapted from Dalton, 2012)

Do customers process information differently on mobile?

Yes, the user experience (UX) on mobiles is unique as users process information differently when they are on their mobiles. Why? Because they are usually multi-tasking and more likely to be interrupted. In addition, the small screen size means people don't like reading lots of text on a small screen, and as such, reading comprehension plummets.

Hofacker's Five Stages of On-Site Information Processing

Now let's look at, and apply, Charles Hofacker's five stages of on-site information processing (Hofacker, 2001; and see Chapter 3, Section 3.6 for more on information processing models). The five stages are: (1) exposure; (2) attention; (3) comprehension and perception; (4) yielding and acceptance; and (5) retention. Each stage acts as a hurdle, since if the site design or content is too difficult to process, the customer cannot progress to the next stage. The e-marketer fails.

The best web site designs take into account how customers process information. Some companies use eye tracking and heat maps to try to understand how customers actually process information presented on a web page (Figure 4.2).

Figure 4.3 provides a 'session map' showing an individual's eye movements across a web site (using sophisticated technology that monitors eye movements across the screen). The blue dots show the user's eye fixations, while the connecting blue lines illustrate eye movements. This information reveals where customers look, what they pay the most attention to, and most importantly, what they miss (e.g. the big red Sale Banner).

Figure 4.2 'Session map' showing an individual's eye movements

Source: Etre Limited (www.etre.com)

Watching a user in real time is interesting, but the speed of movement makes it hard to keep track of what users see and what they miss (Figure

4.4). That's why specialists like Etre Limited (www.etre.com) produce an individual session map at the end of each session to show the sum total of all their visual activity. Each numbered circle represents a point that the user's eyes fixated on. The larger the circle, the longer the fixation. In Figure 4.3, the series of erratic eye movements suggests that a user was confused by a disorganized layout.

Figure 4.3 Erratic eye movements suggest that a user was confused

Source: Etre Limited (www.etre.com)

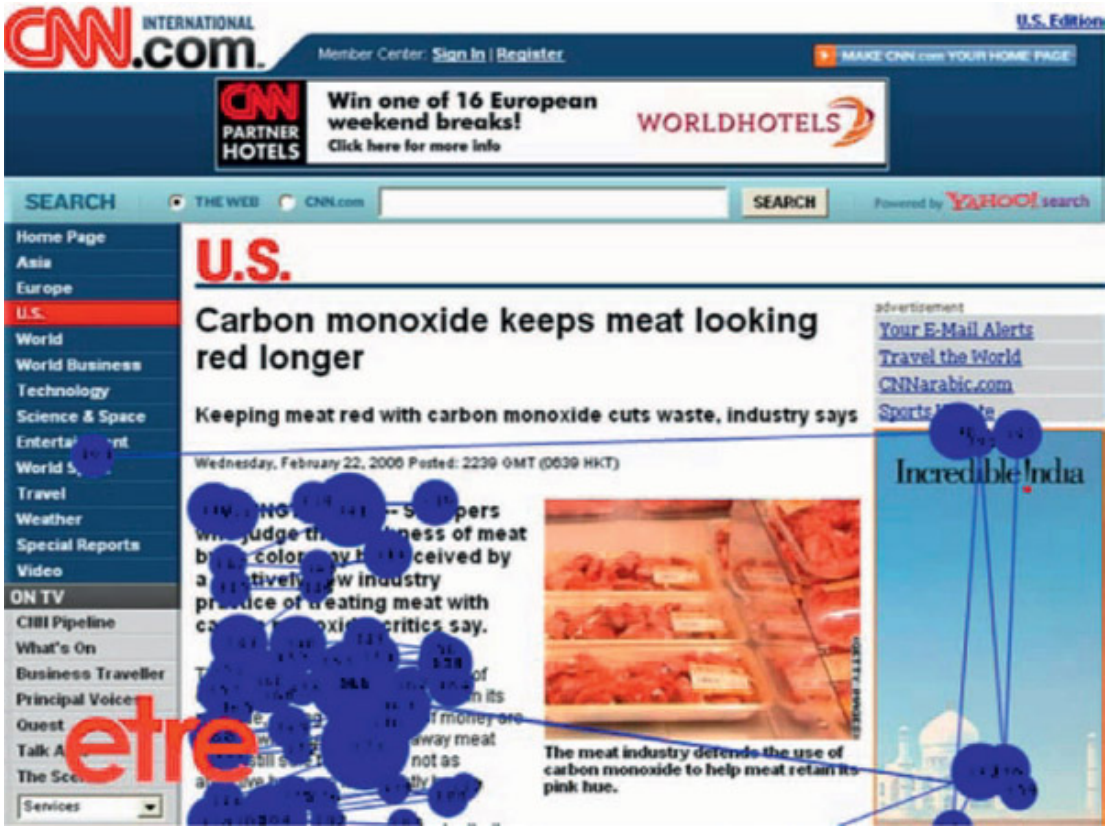

Figure 4.4 Eye movements suggest the user understands the page

Source: Etre Limited (www.etre.com)

While a series of controlled eye movements show that a user was reading, the density of these movements helps us to establish their level of concentration and comprehension (Figure 4.4). Once all users have been through the process, the aggregated results are converted into heat maps which reveal the behaviour of an entire group of people. The graded colour scheme shows visual activity. Warmer colours reveal areas that most users looked at, while colder colours show areas that few users noticed. Black reveals areas that no one looked at. In Figure 4.5, you can see that no one noticed the £4.99 SALE, despite its size and vibrant colours. This type of information is invaluable whether you are creating a new site or just evaluating the existing one.

Figure 4.5 A 'heat map' reveals the hottest parts of a web page (and the parts that are ignored)
Source: Etre Limited (www.etre.com)

Good e-marketers are aware of how the messages are processed by the customer and of the corresponding steps we can take to ensure the correct message is received. So now let's explore each of Hofacker's five stages of on-site information processing.

Stage 1: Exposure

The first stage is *exposure*. This is not as straightforward as it used to be. If the content is not present for a long enough time, customers will not be able to process it. Think of splash pages, banner adverts or shockwave animations. If these change too rapidly, the message will not be received. However, ads can now follow customers as they move around the web; the same ad appears in different places. Marketers can now 'remarket' and place

their ads in front of people who have already expressed an interest in a particular brand (they maybe visited its web site, signed up for a newsletter, abandoned a shopping cart, or even bought the brand once).

Stage 2: Attention

The human mind has limited capacity to pick out the main messages from a screen full of single-column text format without headings or graphics. Movement, text size and colour help to gain attention for key messages. Note, though, that studies show that the eye is immediately drawn to content, not the headings in the navigation systems. Of course, we need to be careful about using garish colours and animations as these can look amateurish. Or they can look like loud advertisements which many customers simply screen out as indicated in the heat map in Figure 4.5 above.

Stage 3: Comprehension and perception

These refer to how the customer interprets the combination of graphics, text and multimedia on a web site. The design will be most effective if it uses familiar standards or metaphors since the customer will interpret them according to previous experience and memory. Once relevant information is found, visitors sometimes want to dig deeper for more information. However, selective perception means we screen out a lot of information around us (as demonstrated by the example of the violinist in the subway in Section 3.6 on information processing models in Chapter 3).

Stage 4: Yielding and acceptance

Yielding and acceptance refer to whether the information you present is accepted by the customer. Different tactics need to be used to convince different types of people. Classically, a US audience is more convinced by features rather than benefits, while the reverse is true for a European audience. Some customers will respond to emotive appeals, perhaps reinforced by images, while others will make a more clinical evaluation based on the text. This gives us the difficult task of combining text, graphics and copy to convince each customer segment.

Stage 5: Retention

Finally, *retention* – how well the customer can recall their experience. A clear, distinctive site design will be retained in the customer's mind, perhaps prompting a repeat visit when the customer thinks, 'Where did I see that information?' and then recalls the layout of the site. A clear site design will also be implanted in the customer's memory as a mental map which they

will be able to draw on when returning to the site, increasing their flow experience.

Sites with excellent design use a range of techniques. Examine Figure 4.6 and then read more in Chapter 6 to see how the concepts in this section have been applied to site design. It is worth noting also that there are more examples of information processing models in Chapter 3, Section 3.6.

Processing Graphic Images

Usability guru, Jakob Nielsen (2007) says that when visitors arrive on your page: 'users ignore navigation bars and other global design elements: instead they look only at the content area of the page'. Studies reveal that digital customers are very goal-driven and tend to ignore banner ads while focusing completely on their task. Eye-tracking studies confirm the existence of 'banner blindness' where the user's gaze never rests in the region of the screen occupied by advertising. Nielsen suggests that users (visitors) 'hunt' for information and are ruthless in ignoring details.

Figure 4.6 Lastminute.com attracts attention

> ***But once the prey has been caught, users will sometimes dive in more deeply. Thus, web content needs to support both aspects of information access: foraging and consumption. Text needs to be scannable, but it also needs to provide the answers users seek.***
>
> ***(Nielsen, 2007)***

A good compromise is to have small rectangular animated banner ads to the right of the screen which highlight the special offers. But remember about 'banner blindness'.

Digital Marketing Insight

Certain words work better than others

Certain words must be perceived to have different meaning or inference. President Obama's Digital Director, Teddy Goff, told me that one of these statements had a much higher impact than the other:

'You should be a donor'
'You should donate'

Which one, do you think, worked best during the last Obama campaign? Stop and think for a moment before reading the answer.

Teddy Goff discovered that people were more likely to be persuaded by the first statement as nouns were found to be more powerful than verbs (Lee, 2013).

Sometimes we just don't fully know why this is, but testing and analysis will reveal which works best. Hence the importance of developing a constant beta culture.

Do check out how changing one button on a website boosted revenues so much that they named it the $300 million button (Spool, 2009).

(Smith, 2014)

Digital Marketing Excellence

Customers process information from different social media platforms differently

People use social networks like Facebook, and Twitter in many different ways for different reasons. Twitter is mostly known for a place to find real time information in a compact format, but Pinterest is used in a completely different way. Most users on Pinterest are either looking for ideas or browsing images related to topics they like. If you try to lump all the social networks together and send one update to all of them you will likely have information that is not suited for any social network.

(Hagy, 2013)

Section Summary 4.5

Online information processing

Understanding how customers process information through the stages of exposure, attention, comprehension and perception, yielding and acceptance, and retention can help us design sites – sites that really help us get our message across and deliver memorable messages and superior customer service.

4.6 The online buying process

By the end of this section, you will understand the stages buyers go through and how to ensure you address all of these stages online. You simply have to understand how customers use the information in their purchase decision

making. You will find Section 3.7 on customer buying models in Chapter 3 reinforces the key points.

The buying process should be catered for both online and offline (*mixed-mode buying*; see Chapter 2 and also Chapter 3, Section 3.7 for more on low-involvement customer buying models). Each stage of the purchasing process should be supported both online and offline. Let us consider a 'high-involvement' purchase such as a car or a house. Assuming this follows a simple linear buying model, what occurs at each stage?

1. *Problem recognition*. This can occur through changed circumstances such as a new job, new money or the existing car breaks down, etc. Peer pressure or clever advertising or editorial (online or offline) which highlights the problem (or the need or the want) can also help the customer to recognize it themselves.
2. *Information search*. Having established a need – i.e. the problem is recognized – the customer gathers information. We need to understand how customers gather information – online and offline. Online, the web is increasingly used for searching. Remember there is a difference between searching and surfing. Think about the timing and frequency of when online customers seek information. Get the timing and the targeting right and you create 'relevance' which allows the information through the customer's perceptual filters. Get it wrong and your information gets screened out by an uninterested audience.
3. *Evaluation*. We need to use the content on our site to communicate the features and benefits of the brand in what may be a fleeting visit to the site or an in-depth analysis. Independent reports prominently positioned on-site may save the buyer from having to search elsewhere. We also need to think about how to cater for different customer buying behaviour according to Internet experience. Remember that search behaviour will differ according to familiarity with the Internet, the organization and its web site.

4. *Decision.* Some car buyers may have already physically test-driven several cars and now want to decide and buy online. Some sites help the decision by offering payment facilities that match the customer's personal financial situation. Once the decision has been made to purchase, we don't want to lose the customer at this stage, so make purchasing slick and simple. And if the customer has anxieties, give them the choice of buying through other channels by prompting with a phone number or a call-back facility.
5. *Action (sale).* Often an appropriate incentive to 'buy now' either online or offline helps to push the buyer over the edge and into the sale. The purchase can be made online, particularly if suitable reassurances are made.
6. *Post sale.* Then the real marketing begins. The sale is only the beginning of the relationship (i.e. relationship marketing and lifetime customers). Lifetime customers generate repeat sales which, in turn, generate much higher profits (some estimates suggest five times higher profits on repeat sales than on new customers). Use email and the web site to provide customer service and support.

But think about how the online environment has changed buyer behaviour, generally speaking:

- Search marketing has compressed the cycle – the buying process often starts with a generic search.
- Supplier search is now also compressed by a few visits to comparison sites which often feature well in search engines.
- Recommendations from other customers through user-generated content has a significant impact on conversion rates as we saw in the previous chapter (Section 3.7).
- Brand has become more important at later decision stages since it provides trust.

Figure 4.7 summarizes how content on-site can support the buying process. Produce a map for how your site supports the buying process.

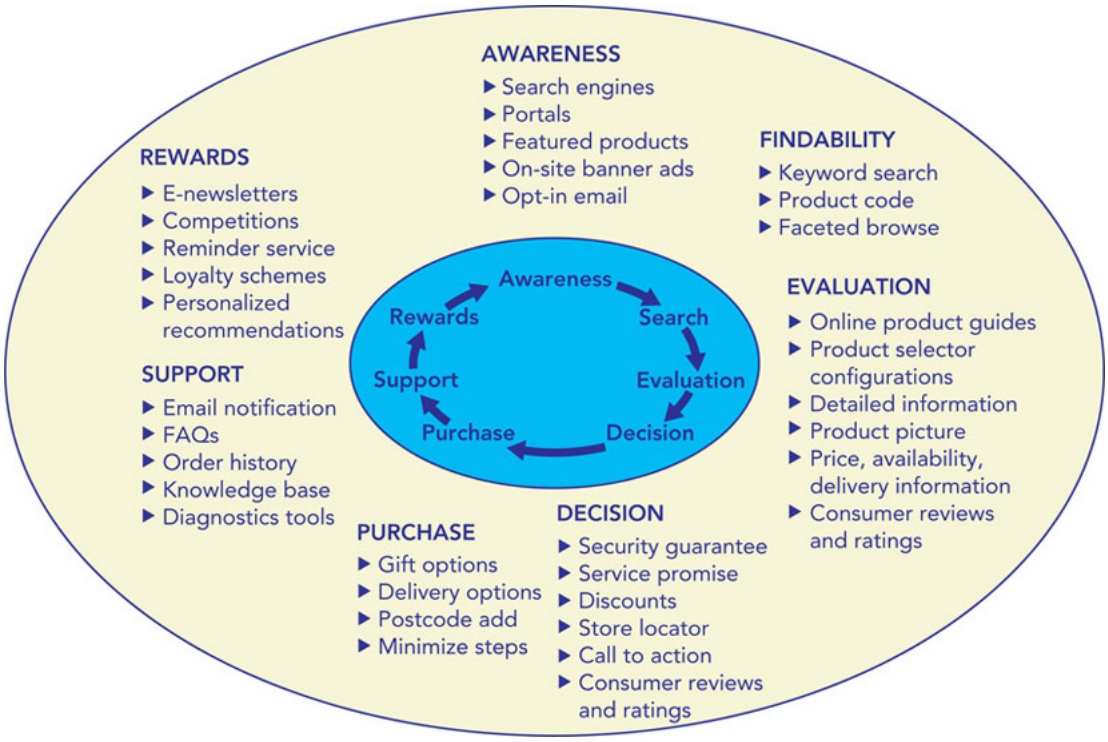

Figure 4.7 The buying process and how it can be supported by site content

Obviously the process above applies best to high-involvement purchases like a car, rather than to low-involvement purchases like a can of cola. Here the model is about awareness, trial and reinforcement (ATR), followed by availability, availability, availability. Rock band Oasis followed an interesting ATR approach to promote and sell their CD *Heathen Chemistry*. To satisfy the hunger for previews (before release) and reduce the number of illegal downloads from the Internet, seven days prior to the release of the CD four tracks were offered to readers of *The Sunday Times* as a cover-mounted CD which was encrypted so it could only be played four times. After that, the CD was automatically wiped and the user directed to HMV (www.hmv.com) to buy the album. HMV donated 50p to the Prince's Trust charity – Big Time Cultural Bank.

Business-to-business buying models have a specification and tender stage built in before sellers can tender or present their bids (and product information). Often, only pre-selected or preferred suppliers' information is considered. Note that information searches tend to be 'directed' or 'focused' rather than browsing or surfing. In fact, five different types of search behaviour have been recognized and we should cater for each in site design and communications, but with the emphasis on the predominant groups.

Digital Marketing Insight

Using the psychology of persuasion

American psychologist Robert Cialdini (2006) identifies six 'weapons of influence' that you can use to influence site visitors and viewers of ads through the use of appropriate messages. The six weapons were originally developed with reference to personal interactions rather than web marketing, but we have summarized them as a checklist in Table 4.2 together with our recommendations on how you can apply them to your web communications.

Digital Marketing Insight

Identifying hunters, trackers and explorers

Over a decade ago, the E-consultancy (2004) first classified online retail shopping behavior. It still has currency to test how well web site design matches different behaviours.

Three types of potential behaviour were identified: the tracker, hunter and explorer. Note that these do not equate to different people, since according to the type of product or occasion, the behaviour of an individual may differ. Indeed, as they research a product, they are likely to become more directed.

1 *Tracker*. Defined as follows:

> *knows exactly which product they wish to buy and uses an online shopping site to track it down and check its price, availability, delivery time, delivery charges or after-sales support.*

i.e. the tracker is looking for specific information about a particular product. The report says: 'If they get the answers they are seeking they need little further persuasion or purchase justification before completing the purchase.' While this may not be true since they may compare on other sites, this type of shopper will be relatively easy to convert.

Table 4.2 Summary of the online implications for Cialdini's six weapons of influence

Influencer		Online marketing implication
☑ 1	Reciprocity	Offer valuable, exclusive content or offers and your audience will remember you and will recommend you through bookmarks, links or by telling their friends. Encourage this behaviour through prompts on the site.
☑ 2	Commitment and consistency	Get initial commitment by encouraging visitors to drill deeper, search, subscribe or engage with product selectors. 'Set their alarm clock' by providing regular reasons to return, such as new promotions, content highlighted on-site and within e-zines.

	Influencer	Online marketing implication
☑ 3	Consensus	Your audience will believe others more than they believe you! So use reviews, case studies, testimonials and rewards as we described in Chapter 2.
☑ 4	Affinity (liking and credibility)	People are persuaded by other people they like or who are like them, so again use recommendations or endorsements by people who are known by your audience or to whom they can relate.
☑ 5	Authority	Unless you are a well-known brand, you need to prove your authority. So if you are a blogger, for example, you need to show off your authority, expertise and status. Companies need to show off satisfied customers or, in the B2B services example, their employees, qualifications and reputations!
☑ 6	Scarcity	The fear of loss is more powerful than that of gain, so show site visitors what they could miss. For example, in links to its site in offline communications, in its PPC ads, its email communications and, of course, on its site, Dell makes use of time-limited offers.

2 *Hunter*. Defined as follows:

> *doesn't have a specific product in mind but knows what type of product they are looking for (e.g. digital camera, cooker) and probably has one or more product features they are looking for. The hunter uses an online shopping site to find a range of suitable products, compare them and decide which one to buy.*

The hunter needs more help, support and guidance to reach a purchasing decision. The report says:

> *once a potential purchase is found, they then need to justify that purchase in their own minds, and possibly to justify their purchase to others. Only then will confirmation of the purchase become a possibility.*

3 *Explorer*. Defined as follows:

> *doesn't even have a particular type of product in mind. They may have a well-defined shopping objective (buying a present for someone or treating themselves), a less-resolved shopping objective (buying something to 'brighten up' the lounge) or no shopping objective at all (they like the high street store and thought they would have a look at the online site).*

The report suggests that the explorer has a range of possible needs and many uncertainties to be resolved before committing to a purchase, but the following may be helpful in persuading these shoppers to convert: 'Certain types of information, however, are particularly relevant. Suggested gift ideas, guides to product categories, lists of top selling products and information-rich promotions (What's New? What's Hot?) – these could all propel them towards a purchasing decision.'

Another approach to catering for visitors at different stages of the buying process is 'See. Try. Buy'. Some customers just want to see more information about a particular product or company; other visitors know all they need to know other than actually experiencing the product or service – they want a free trial or a simulation or at least to see some reviews; while others know enough and just want to buy now as quickly as possible.

Returning visitors' behaviour can vary according to times of the day or day of the week. Marketers use web analytics to see how activity and repeat visits vary through each day, week, month and year. A financial services provider found a traffic peak on Monday lunchtime when people looked to find out more after reviewing alternatives in the Sunday newspapers. A B2B company found a peak at the start of each month that corresponded with new sales promotions. A monthly competition was launched, timed to coincide with the traffic peak. Marketing automation systems develop rules determined by click behavior (or digital body language) to determine what is the best help they can give the customer at this particular stage of their

buying journey – whether it is an automatic personalized and relevant email offer, or a dynamic pop-up page, or alerting a sales person that a certain prospect's digital body language indicates they are ready to buy and might welcome a phone call offering to help. It's all about helping the customer.

Section Summary 4.6

The online buying process

We have to support customers through each stage of the buying process: problem identification, information search, evaluation, decision, action and post sales.

We need to think about how we can combine online and offline communications to support the customer through each stage of the buying process and also support mixed-mode buying at each stage. We also need to be self-critical about how we profile customers. What are the underlying variables that might influence the customer's product purchase and usage patterns and can we track these patterns? Techniques to achieve this are described in Section 4.10 on researching the online customer. Finally, some customers want to search, compare and buy online. Others just want to browse. Does your web site accommodate all stages of the buying process?

4.7 Online relationships and loyalty

By the end of this section, you will understand the importance of lifetime customers, relationship marketing and loyalty. You will also know how to begin to explore setting up loyalty marketing schemes.

Look at the statistics. Retaining existing customers is five times more profitable than acquiring new customers. Interestingly, Laurent and Eltvedt (2005) suggest that online repeat customers are actually ten times more profitable. Twenty years ago, Reicheld (1996), revealed that US corporations were losing half their customers every five years.

Arguably all markets have accelerated into hyper-competition with more aggressive attrition rates. Even your own opt-in email lists rapidly deteriorate with estimates suggesting that if your list is left unused for 12 months, it can deteriorate by up to 66 per cent. Even when active, you lose 5 per cent of your list every three months. The list is most responsive when it's freshly recruited; i.e. within the first few months.

All marketers know that building long-term relationships with the 'ideal customer' is essential for any sustainable business. *By retaining just 5 per cent more customers, companies can boost their profits by 25 per cent to 95 per cent.* This section describes techniques to build and maintain relationships with customers using a combination of online and offline techniques.

The Ladder of Loyalty

We want to move customers up what Considine and Murray (1981) originally referred to as the 'Ladder of Loyalty' – from suspects to prospects to customers to clients to advocates who are totally loyal and are happy to spread the word about our products and services.

Remember, some customers are more likely to be loyal than others. Companies need to focus on those ideal customers who are likely to become loyal rather than the promiscuous, loss-making customers who grab incentives and run.

Many companies now only proactively market to 'ideal' customers since it has been thought that, on average, only 20 per cent of existing customers are 'ideal' and generate most of your profits (however, see Section 4.1 for an alternative 'long tail' view). Some customers break even, while other, disloyal, promiscuous customers are loss-makers. They cost you money. Low loyalty has a high cost.

In Seth Godin's now classic book, *Permission Marketing* (1999), he suggested that marketers should 'Focus on share of customer, not market share – fire 70% of your customers and watch your profits go up!' Some companies go further – they actually stop 'bad customers' from becoming customers. They also invest in acquiring and keeping ideal customers. For many businesses, it can take at least two years before a company recoups its initial acquisition costs.

So how can we form relationships and keep customers loyal? Godin suggests that online relationships can be likened to the relationships built through dating, with incentives important at every stage.

Research summarized by Reicheld and Schefter (2000) showed that acquiring online customers is so expensive (20–30 per cent higher than for traditional businesses) that start-up companies may remain unprofitable for at least two to three years. The research also shows that by retaining just 5 per cent more customers, online companies can boost their profits by 25 per cent to 95 per cent. They say: 'but if you can keep customers loyal, their profitability accelerates much faster than in traditional businesses. It costs you less and less to service them.'

Note that the relationship between customer loyalty and profitability has been questioned, notably by Reinartz and Kumar (2002), who discovered through analysis of four company databases that: 'there was little or no evidence to suggest that customers who purchase steadily from a company over time are necessarily cheaper to serve, less price sensitive, or particularly effective at bringing in new business'.

However, existing customers do not have an acquisition cost and that's why they are more profitable than new customers. After acquiring a new customer, it is best to plan a contact strategy to nurture them into repeat loyal customers.

As in any relationship, the early stages are crucial. In relationship marketing, the first 90 days are crucial. Maintaining online customer relationships is difficult. Laurie Windham (2001) says: 'That's what's so scary about customer retention in the online space. We've created this empowered, impatient customer who has a short attention span, a lot of choices, and a low barrier to switching.'

Digital Marketing Insight

The *Cluetrain Manifesto* on developing relationships

The authors of the ground-breaking *Cluetrain Manifesto* (Levine *et al.*, 2000) suggest that we should not conceive of the Internet as an impassive network of hardware and software, but as a means of creating global conversations within markets – a new dynamic dialogue.

The book refers to a large organization being unable to listen or respond to the 'clues' from customers demanding better service and response. Clues include high churn, rising complaints and the success of more responsive competitors.

Developing Loyalty

So how do you develop loyalty and strong relations with customers?

First, target and acquire the right type of customer – the ideal customer. Second, delight them. Don't just satisfy them. Ground-breaking research by Xerox some years ago revealed that between 65 per cent and 85 per cent of customers who defected from Xerox were actually 'satisfied customers'.

Digital Marketing Insight

Customers are more savvy and less susceptible

Customers used to be a more malleable bunch. Before the recession of 2008, the nod of a discount or the wink of a mass-appeal reward for purchase used to be enough to provoke a sale. Post-recession, the customer is more savvy and less susceptible (Sever, 2012).

'As a customer perceives their strategic power, the value of the relationship diminishes. For a win-win relationship, you need to offer an ongoing service that your customers want' (Robert Nuttall, Rolls-Royce vice-president, strategic marketing, cited in Sever, 2012).

So, we need to excel beyond the five 'primary determinants of loyalty' identified by Reicheld and Schefter (2000):

1. Quality customer support
2. On-time delivery
3. Compelling product presentations
4. Convenient and reasonably priced shipping and handling
5. Clear trustworthy privacy policies.

And then delight the customer with:

1. *Extra service and added value.* There are a host of other opportunities to constantly delight and surprise the customer. Start

by asking: 'What interests, passions and needs do my customers have? How can I help them?' Then see how you can add value. The difficult bit is finding the time to think about these and then time to implement them. There is no limit to relevant, timely added-value ideas – many of which do not cost that much, but have a high value.

2 *Personalization.* Personalization and mass customization can have a high value. They can be used to tailor information in both the web site and opt-in email. Extranets can be used to provide value-added services for key accounts.

3 *Community creation.* Community creation can engage the customer and provide a hook that keeps them returning. It can be used to create a new form of added value built around the brand. Section 4.8 deals with communities.

4 *Integration.* Integration into the customer's own systems – e.g. enterprise resource planning (ERP) – reducing duplication of work and increasing 'lock-in' which creates a switching cost should a customer ever want to leave.

5 *Incentivization.* Traditional retention methods such as loyalty schemes and sales promotions work well. But remember – be consistent with your page layout so that your customers know where to find the special offers section. Opt-in email can also alert customers to special offers and events. For both B2B and B2C organizations, think about the potential for online events. There are an infinite number of opportunities.

There are many different approaches, but basically they embrace the same principles – focus on good customers, treat them individually and serve them excellently and outstandingly.

Digital Marketing Excellence

Dell identifies loyalty drivers

Reicheld and Schefter (2000) revealed how nearly 20 years ago Dell created a customer experience council which researched key loyalty drivers, identified measures to track this and put in place an action plan to improve loyalty (Table 4.3).

Ironically when you solve a customer's major problem, that customer potentially becomes a much more loyal customer than most other customer. Problem solving creates a glue that can stick forever.

If personalized, problem solving and value-added excellent service is available 24/7/365 from someone or something that really takes care of all of your needs, really quickly, and remembers your name and all your interests and issues. Does this open the way for bots that create lifelong loyal customers? (For more on intelligent bots see Smith, 2016d.)

Section Summary 4.7

Online relationships and loyalty

To summarize, we need to keep 'ideal' customers for life by building strong emotional and rational bonds. Constantly listen to them and find out more about their needs, serve them and then plant seeds and relevant incentives to keep them coming back again and again.

Table 4.3 Relationship between loyalty drivers and measures to assess their success at Dell Computer

Loyalty drivers	Summary metric
1 Order fulfilment	Ship to target. Percentage that ships on time exactly as the customer specified.

Loyalty drivers	Summary metric
2 Product performance	Initial field incident rate – the frequency of problems experienced by customers.
3 Post-sale service and support	On-time, first-time fix – the percentage of problems fixed on the first visit by a service rep who arrives at the time promised.

Source: Based on examples referred to in Reicheld and Schefter (2000)

4.8 Communities and social networks

By the end of this section, you will understand the benefits of building communities, be able to assess the suitability of techniques used to foster online communities and know how to build active and lively online communities that improve brand equity and foster customer retention. We introduced the concept of social networks in Chapter 3, where we looked at the main types of social network and why they have proved so popular. We also mentioned the power of the network is 2 to the power of the number of people in the node (or immediate group), which means that a group of just 20 people can connect with over 1 million people (see Section 3.9 for the actual maths).

Man is a sociable animal. Communities or social networks are important. Whether stockbrokers or punks, people tend to group together into communities. Can your brand immerse itself within a community and thereby strengthen its relationship with customers? Communities of buyers, users, lovers, even haters, can pop up all over the Internet. Better to work with communities than against them. Wouldn't it be great if you could listen to your customers and prospects talking about your brand and related issues? Imagine occasionally dropping in and asking the community a question.

Imagine them telling you their current and future needs – what they like and don't like about your company. Imagine your brand at the hub of a community? Imagine your customers using your brand as a virtual meeting place? Imagine your customers getting great value from talking to each other?

Community potential has been a key feature that distinguishes online e-marketing from traditional offline marketing. But why is community important? John Hagel said:

> ***The rise of virtual communities in online networks has set in motion an unprecedented shift from vendors of goods and services to the customers who buy them. Vendors who understand this transfer of power and choose to capitalize on it by organizing virtual communities will be richly rewarded with both peerless customer loyalty and impressive economic returns.***
>
> ***(Hagel and Armstrong, 1997)***

What is the reality behind this vision? How can we deliver the promise of community? The key to successful community is customer-centred communications. It is customer-to-customer (C2C) interaction. Customers, not suppliers, generate the content of the site, email list or bulletin board.

Taken to the extreme, communities can create new business models, a kind of marketing utopia where decisions are made by customers who subsequently buy the products and services they (the customer community) generate. See the Ladder of Engagement and social business models in Chapter 3, Section 3.10.

There are also many tools that help you to listen to both communities and individuals. Many of these tools are free and all of them combine to answer the three big customer questions which you must master: Who (is my customer)? Why (do they buy or not buy)? How (do they buy)? (Smith, 2016b).

Community and Social Network Building Strategies

A key question to ask before embarking on a community-building programme is: 'Can customer interests be best served through a company-independent community?' If the answer to this question is 'Yes', then it may be best to form a community that is a brand variant, differentiated from its parent. For example, Boots the Chemist has created handbag.com as an independent community for its female customers. Another tip, and a less costly alternative, is to promote your products through sponsorship or co-branding on an independent community site or portal. Or, at a minimum, get involved in the community discussions.

Roger Parker, author of *Relationship Marketing on the Web* (2000), lists eight useful questions to ask when considering how to create a community for your customers:

1. What interests, needs or passions do many of your customers have in common?
2. What topics or concerns might your customers like to share with each other?
3. What information is likely to appeal to your customers' friends or colleagues?
4. What other types of business in your area appeal to buyers of your products and services?
5. How can you create packages or offers based on combining offers from two or more affinity partners?
6. What price, delivery, financing, or incentives can you afford to offer to friends (or colleagues) whom your current customers recommend?
7. What types of incentives or rewards can you afford to provide for customers who recommend friends (or colleagues) who make a purchase?
8. How can you best track purchases resulting from word-of-mouth recommendations from friends?

We add:

9 What similar communities or groups already exist on social media platforms? What information or discussion topics generate most interest (responses)?

What about specific approaches for the B2B community? The B2B community offers great potential for high-involvement business services.

Digital Marketing Excellence

Overcoming community problems

These are examples of how companies have overcome problems with their communities.

1 *Empty communities.* A community without any people isn't a community. You need to apply your traffic-building skills. What is the online value proposition of your community and how are you communicating it? Perhaps it is best if existing brands tap into a third-party, independent community rather than starting your own that may not gain critical mass. For example, a baby toy manufacturer is likely to be better served by getting involved on community sites such as Babycentre (www.babycentre.co.uk) rather than starting its own community which may never gain critical mass since it may not be perceived as neutral.
2 *Silent communities.* A community may have many registered members, but a community is not a community if the conversation flags. This is an increasing challenge as time poor, information fatigued, multi-tasking are more selective about what they engage with online today. You can encourage people to join

the community, but how do you get them to participate? Here are some ideas.

- Seed the community – use a moderator to ask questions, or have a weekly or monthly question written by the moderator or sourced from customers. Have a resident independent expert to answer questions. Visit the communities on Monster (www.monster.co.uk) to see these approaches in action and think about what distinguishes the quiet communities from the noisy ones.
- Make it select – limit it to key account customers or set it up as an extranet service that is only offered to valued customers as a value-add. Members may be more likely to get involved.
- Use email – with email groups such as Yahoo! Groups (http://uk.groups.yahoo.com), participants don't need to revisit the web site, it is always in their email inbox.

3 *Critical communities.* Many communities on manufacturer or retailer sites can be critical of the brand. For example, the Egg Free Zone (www.eggfreezone.com) from bank Egg had to be closed because of critical comments about its services and retailers. Think about whether this is a bad thing. It could highlight weaknesses in your service offer to customers and competitors, but enlightened companies use communities as a means to understand their customers' needs better and the failings with their services. Community can be a key market research tool (if you invest in it). Also, it may be better to control and contain these critical comments on your site, rather than have them voiced elsewhere in newsgroups where you may not notice them and can less easily counter them. The computer-oriented newsgroup on Monster shows how the moderator lets criticisms go so far, and then counters them or closes them off. Particular criticisms can be removed. So, a moderator is clearly needed for any company-run communities.

Section Summary 4.8

Communities

Well-run communities strengthen relationships, trust and loyalty as well as maintaining brand awareness in the minds of the community members. Communities also allow a unique opportunity to stay close to customers, their concerns, their worries and their desires. Despite these benefits, building an active community can be time-consuming, expensive and difficult. Careful moderation and seeding of topics from a subject expert may be required. An alternative approach is to hook up to an established community that has greater independence. Either way, communities are part of the dynamic dialogue and the dynamic opportunities that today's marketer enjoys.

4.9 Customer profiles

Marketers need to know their customer profiles. What is the ideal customer's profile? We need to know who's online. What are their profiles? We need to know each customer segment and the proportion of customers who use various digital channels.

We need to know the proportion of customers who:

1. Have access to which channel or channels
2. Are influenced by using which channel or channels
3. Purchase using which channel or channels.

Let's consider each of these now.

Profiling B2C Customers

1. *Access to channel* (includes the usual geographic, demographic, psychographic variables). E-commerce provides a global marketplace, and this means we must review access and usage of the Internet channel at many different geographic levels: worldwide, between continents and countries. Also we must evaluate demographic differences in access – the stereotype of the typical Internet user as male, around 30 years of age and with high disposable income no longer holds true. Many females and more senior 'silver surfers' are also active.

   To understand online customer behaviour and how customers are likely to respond to messages, we also need to consider the user's access location, access device and '*webographics*', all of which are constraints on site design.

Finally, we mustn't forget the non-users, who comprise more than half of the adult population in many countries.

2. *Influenced online*. Next we must look at how our audience is influenced by online media. Finding information about goods and services is a very popular online activity, but we need to capture data about online influence in the buying process for our own market.
3. *Purchased online*. Customers will only purchase products online that meet the criteria of de Kare-Silver's electronic shopping test. We know that an increasing proportion of people are prepared to buy online. For e-planning, you need to know this data for your segment. Although we can use this information when building e-plans and when calculating the channel contribution to revenue, we still need some psychographic information to understand online customers better.

Digital Marketing Insight

Today marketers can target behavioural profiles and geo-targeted profiles

As described further in Chapter 7, behaviourally targeting and geo-targeting ads to visitors who have purchase intent is a powerful technique to increase conversion as visitors to a destination site see targeted ads (based on their previous interest) on third-party publisher sites which may remind them to buy. This retargeting (or remarketing, as it is known in Google Adwords) is a powerful technique to increase conversion.

Services like Merchenta (www.merchenta.com) can also create targeted dynamically personalized ads for, say, plumbers in Leicester to 'high quality'(1) potential customers who are actually looking(2) for plumbers in Leicester(3). The ads also can contain positive reviews(4) of the plumber.

Profiling can be taken much further and used in many different ways which were previously unimaginable. For example, targeting people whose mobiles are in Heathrow airport, go offline for 50 minutes and re-emerge in the Glasgow area is a profile for a train company targeting frequent flyers from London to Glasgow. See location-based advertising (LBA) v2 for advanced data usage and customer profiling in Chapter 7.

(1) 'High quality' prospects are identified by calculating a consumer quality score using a range of behavioural indicators plus things like time of day/season/day of week, etc. – score is 0–100 where 100 indicates maximum purchase intent.

(2) Actually looking for plumbers' services – previously showed purchase intent for plumbers' services (as they previously visited the plumbers' section on www.ratedpeople.com, etc.).

(3) Living in Leicester – geo-targeting only those people within the relevant delivery area.

(4) Positive reviews – reviews are sentiment analyzed in real time to ensure a positive emphasis in reviews, which means the reviews are authentic, but have a positive emphasis and negative 5* reviews (5* reviews with very rude or negative comments) are excluded to avoid polluting a brand with contradictory 5* reviews.

Profiling B2B Customers

How should we profile online business users?

Think about the information you would want to collect when designing an online form to profile registered-site B2B users. Users may be asked to enter the following organization characteristics:

- Size of company (employees or turnover)
- Industry sector and products
- Organization type (private, public, government, not for profit)
- Division
- Country and region.

We also need to know the following customer variables:

- Name
- Role and responsibility from job title, function or number of staff managed
- Role in buying decision (purchasing influence)
- Department
- Product interest
- Demographics: age, sex and possibly social group.

We can also add what stage in the buying cycle the customer is in. We can also add how interested they are; i.e. whether they are hot or cold prospects. A lot of this can be done through digital body language (in the old days,

sales reps and marketers could see if a buyer was particularly interested or disinterested by the actual body language used). As more and more B2B business is done online, the sales rep cannot see the body language, but e-marketers can see the digital body language, which allows marketers to identify hot prospects and even large hot prospects and give them very tailored (highly relevant) responses and information. This is rules-based; e.g. if visitor X visited the product details and pricing page plus reviewed customer reviews, they would get a higher score than visitor Y who only visited the landing page. In addition, digital body language can aggregate visitors to see if a particular company has a heightened interest; e.g. if several staff from the same company spend time studying product specifications, it is likely they are at a more advanced stage in the buying process and require more advanced information. So digital behaviour builds profiles which allow marketers to deliver even more relevant information at just the right time.

Combine this with remarketing and these visitors can be served highly relevant ads whilst on other sites.

Once the ideal customer profile has been defined, customers can be tracked down and offered highly relevant information. For example, LinkedIn PPC ads can target prospects with any or all of the following profile variables:

- Job title
- Job function
- Industry
- Geography (country or city)
- Company size (staff)
- Company name
- Seniority (VP or owners)
- Age (18–24; 25–34; 35–54)
- Gender
- LinkedIn Group.

Similarly, Facebook PPC ads can target B2C prospects with all or any of the following profile variables:

- Age, even by birthday
- Interests
- City, country
- School or university, graduation year
- Connections (your fans/group members, anyone who RSVPs your events or has used your app in the last 30 days)
- Friends of connections.

Decision-Making Units

There are often several individuals involved in any one person's decision to purchase either B2C or B2B products and services. The choice of a family car may be influenced by parents, children, aunts, uncles, neighbours, friends, the Automobile Association and so on. Each may play a different role in the buying process. Similarly, the purchase of a new factory machine may have been instigated by a safety inspector, selected by a team of engineers, supervisors, shop steward and production manager, agreed by the board, bought or ordered by the purchasing director and paid for by the financial director.

PAGES is a simple acronym that helps to build a marketing communications decision-making unit (DMU) checklist:

Purchaser	The person who orders the goods or services
Adviser	Someone who is knowledgeable in the field
Gatekeeper	A secretary, receptionist or assistant who wants to protect his or her boss from being besieged by marketing messages
End user	Sometimes called 'the customer'
Starter	The instiaator or initiator

So the actual decision maker is often a different person than the actual user of the product or service. In B2B, LinkedIn can be very useful when identifying the DMU by searching a company's LinkedIn page to see who is who. Some vendors will try to connect with different members of the DMU and develop a relationship online, or at least familiarise themselves with what is important to each particular member of the DMU by reading their posts and updates.

Digital Marketing Insight

New DMU member – bots?

One other, non-human, influencer that needs to be added to the DMU is the intelligent shopping bot. Some are here already. They can take many different forms. One form is the futuristic 3D floating holograms that appear beside the customer when the customer is in the buying mode, giving advice, or even haggling with the salesperson (if buying offline). Another form is the intelligent fridge (referred to in Chapter 2), which can offer the customer a tempting online voucher to replace the last can of Guinness with an alternative brand. Another form is the mobile phone. My iPhone has various apps: one identifies the prices at all petrol stations near my location, and another scans in bar codes and compares prices locally.

Note: As mobile phones become smarter, with predictive contextual devices delivering real-time contextualized and personalized services and information, the device knows, through the aggregated filters of our location, our timeline and our social graph, what we did just before and what we are expected to want or do later on (courtesy of our online calendar, contacts database, web search history and geo-location information). Very soon, context-based technology will predict our

needs and desires. It is 'aware' because it holds a complete record of our past actions and habits and of our future intentions – where we are heading and who we will meet via calendar entries, contacts, web/search history, etc. (Frank, 2010).

So understanding the DMU is important in marketing. And identifying the ideal customer's profile and the associated decision making unit is important. When searching for the ideal customer, what variables, or characteristics do you use? What is the profile of your ideal customer?

Digital Marketing Excellence

There are always new and interesting ways of defining customer profiles

'The market is divided into those willing to spend time to save money, almost all of whom buy hardware, and those willing to spend money to save time, almost all of whom buy service and support' (Jonathan Schwartz, chief executive, Sun Microsystems, cited in Anderson, 2008). Going forward, competitive advantage will be gained by those who learn to ask data questions and use data to create new customer profiles.

Section Summary 4.9

Customer profiles

User profiles change as online penetration changes. Marketers can now target very precisely exactly which profile variables represent the ideal customer – as long as the marketers know the profile of their ideal customer segments.

4.10 Researching the online customer

In our quest to understand online customers, we need to know how to research them. Before that we need to identify what we need to know. In this section, we look at the key questions and where to find the answers.

So what do you need to know about online customers? 'Who', 'Why' and 'How' are good headings to remember. Who exactly are my ideal customers? Why do they buy or not buy? How do they buy? These can be elaborated into:

- Who are they – demographics, psychographics, behavioural?
- What do they want – their needs – why do they buy or not buy?
- How do they buy (online or offline or mixed mode)?
- When do they buy?
- How did they find us or our competitors?

In the context of the site, we need to know, in particular, what do visitors need before, during and after they go online and when they arrive at your site? We also need to know what kind of content customers want. One way of finding out is *personas and scenario-based design.*

Modelling personas of site visitors is a powerful technique for helping to increase the usability and customer centricity of a web site. Personas are essentially a 'thumbnail' description of a type of person. They have been used for a long time in research for segmentation and advertising, but since the mid-1990s, have also proved effective for improving web site design.

Here are two simple examples for a music publisher wishing to sell music clips and sheet music to a business audience.

- *Persona 1 – George*: George is a 45-year-old violin teacher who has used the Internet for less than a year. He accesses the Internet from home over a dial-up connection. He has never purchased online before, preferring to place orders by phone.
- *Persona 2 – Georgina*: Georgina is a 29-year-old ad exec who has been using the Internet for five years.

You can see that these are quite different types of people who will have quite different needs.

Customer scenarios are developed for different personas. In her book *The Customer Revolution* (2001), Patricia Seybold explains them as follows: 'A customer scenario is a set of tasks that a particular customer wants or needs to do in order to accomplish his or her desired outcome.'

You can see that scenarios can be developed for each persona. For an online bank, scenarios might include:

1. New customer – opening online account
2. Existing customer – transferring an account online
3. Existing customer – finding an additional product.

Each scenario is split up into a series of steps or tasks before the scenario is completed. These steps can be best thought of as a series of questions a visitor asks. These questions identify the different information needs of different customer types at different stages in the buying process.

The use of scenarios is a simple but very powerful web design technique that is still relatively rare in web site design. There is evidence of the use of scenarios and personas in sites when the needs of a range of audiences are accommodated with navigation, links and search to answer specific

questions. Clear steps in a booking process are also an indication of the use of this approach.

The approach has the benefits of:

- Fostering customer centricity
- Identifying detailed information needs and steps required by customers
- Can be used to both test existing web site designs or prototypes and to devise new designs
- Can be used to compare and test the strength and clarity of communication of proposition on different web sites
- Can be linked to specific marketing outcomes required by site owners.

Effective customer research also uses pre-launch research techniques such as concept testing, competitor benchmarking and usability testing (Chapter 6) as well as post-launch research such as customer profiling and tracking.

Digital Marketing Excellence

Dulux uses personas to appeal to paint purchasers

We will illustrate the development of personas through a case study from Agency.com available through the IAB (www.iabuk.net). The objectives of this project were to position Dulux.co.uk as 'the online destination for colour scheming and visualisation to help you achieve your individual style from the comfort of your home'. Specific SMART objectives were to increase the number of unique visitors from 1 million p.a. to 3.5 million p.a. in three years and to drive 12 per cent of visitors to a desired outcome (e.g. ordering swatches).

Target audience based on research for user-centred design

- Would-be adventurous 25–44-year-old women, online
- Lack of confidence
- Gap between inspiration (TV, magazines, advertising) and lived experience (shopping in large DIY warehouses and potential nervous discomfort of shopping)
- No guidance or reassurance is available currently on their journey
- Colours and colour combining are key
- Online is a well-used channel for help and guidance on other topics
- 12-month decorating cycle
- Propensity to socialize
- Quality, technical innovation and scientific proficiency of Dulux is a given.

Examples of personas developed:

FIRST-TIME BUYER Penny Edwards, Age: 27, Partner: Ben, Location: North London, Occupation: Sales Assistant

PART-TIME MUM Jane Lawrence, Age: 37, Husband: Joe, Location: Manchester, Occupation: Part-time PR consultant

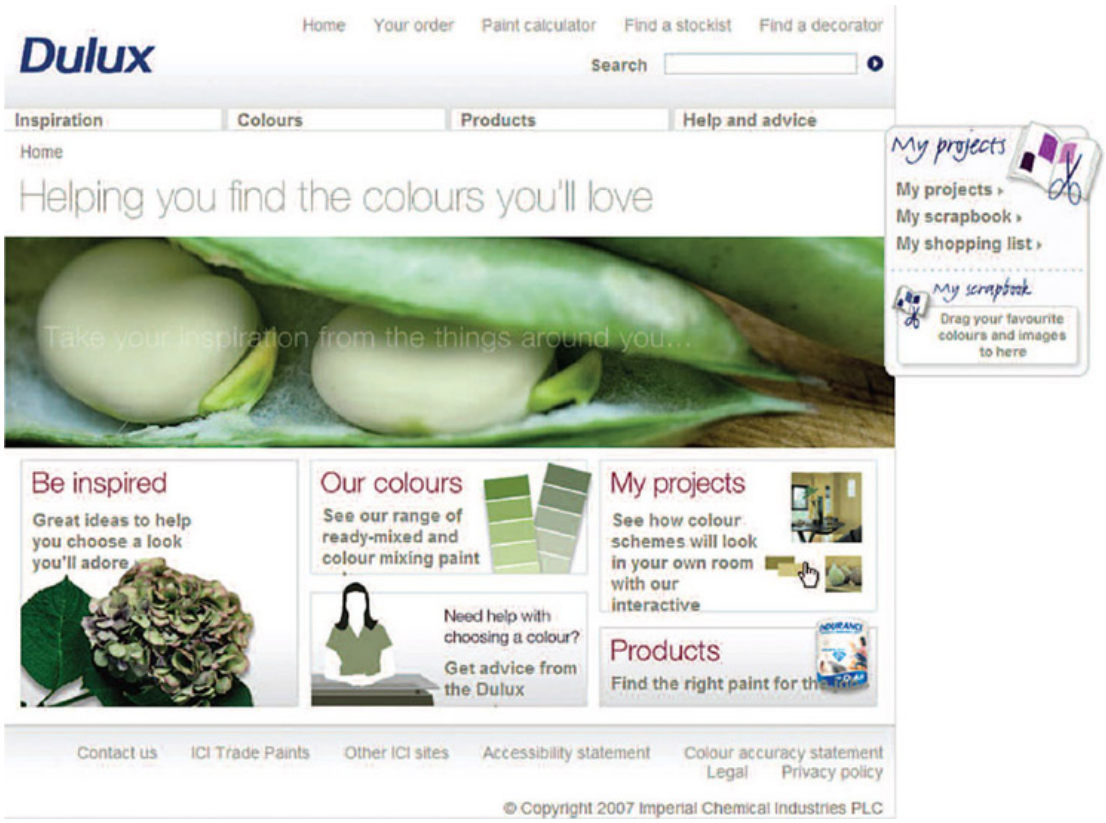

Figure 4.8 Dulux

Source: www.dulux.co.uk

SINGLE MUM Rachel Wilson, Age: 40, Location: Reading, Occupation: Business Analyst

Each has a different approach to interacting with the brand. For Penny, it is summarized by the statement: 'I've got loads of ideas and enthusiasm, I just don't know where to start.'

A storyboard was developed which illustrates the typical 'customer journey' for each persona and these informed the final design (Figure 4.7).

Digital Marketing Insight

Using personas and scenarios to inform web site design

These are some guidelines and ideas on what can be included when developing a persona. Start or end with giving your persona a name. The detailed stages are:

1 Build personal attributes into personas:

- Demographic: age, gender, education, occupation and, for B2B, company size, position in buying unit
- Psychographic: goals, tasks, motivation
- Webographics: web experience (months), usage location (home or work), usage platform (dial-up, broadband), usage frequency, favourite sites.

2 Remember that personas are only models of characteristics and environment:

- Design targets
- Stereotypes
- Three or four usually suffice to improve general usability, but more are needed for specific behaviours
- Choose one primary persona who, if satisfied, means others are likely to be satisfied.

3 Different scenarios can be developed for each persona as explained further below. Write three or four, for example:

- Information-seeking scenario (leads to site registration)
- Purchase scenario – new customer (leads to sale)

- Purchase scenario – existing customer (leads to sale).

Once different personas have been developed who are representative of key site visitor types or customer types, a primary persona is sometimes identified. Wodtke (2002) says:

> *Your primary persona needs to be a common user type who is both important to the business success of the product and needy from a design point of view – in other words, a beginner user or a technologically challenged one.*

She also says that secondary personas can be developed such as super-users or complete novices. Complementary personas are those which don't fit into the main categories and that display unusual behaviour. Such complementary personas help 'out-of-box thinking' and offer choices or content that may appeal to all users.

Research Techniques

We can divide research techniques into primary data collection, where we collect our own data, and secondary data, where we use published research. For each we need to decide the best combination of online and offline.

The two main types of primary research are traditional marketing research methods and *web analytics* using server-based or browser-based techniques as shown in Table 4.4. Web analytics give undreamed-of visibility of customer behaviour: through click streams and page impressions, we can find out what a customer is or is not interested in and can measure the response to our online campaigns. Digital body language can build useful profiles and reveal how ready each visitor is for the next level of information (possibly delivered by email). We can also use data-mining software to profile different online behaviours.

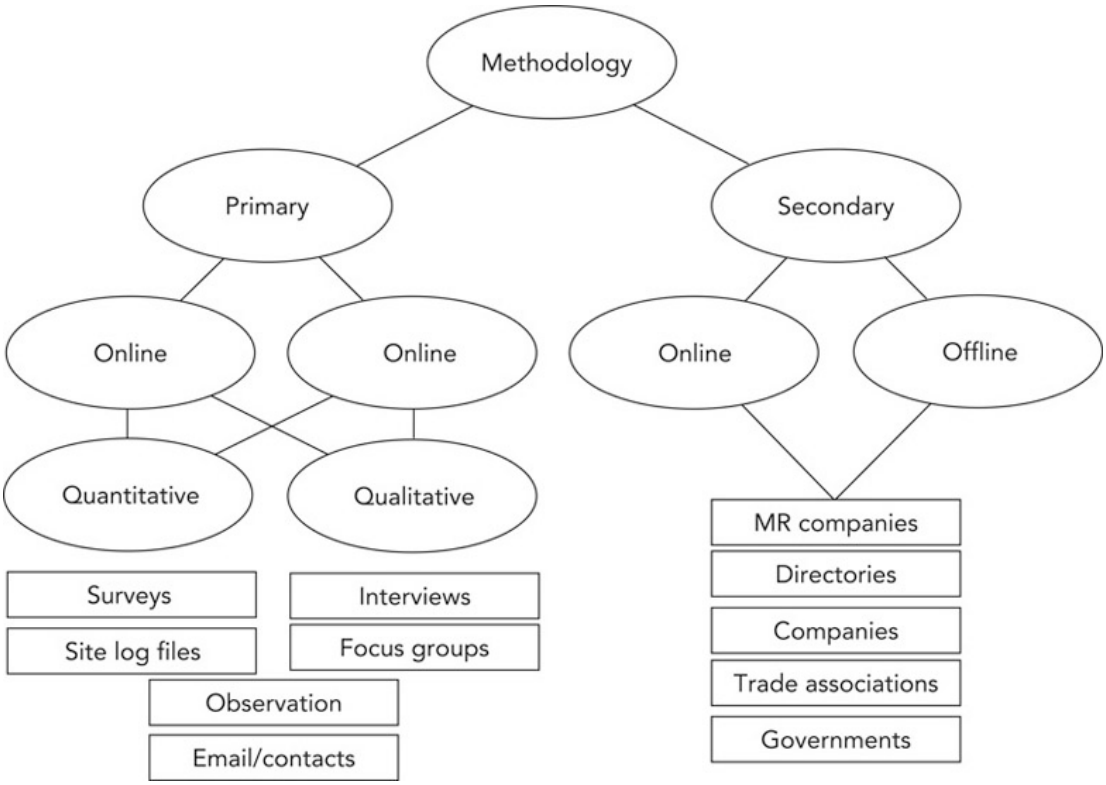

Figure 4.9 Different online research techniques

We should note the weaknesses of log file analysis indicated in Table 4.4 and consider supplementing them with browser-based analysis methods. For large B2C sites, we can also use panel data to give customer numbers and profiles.

To understand the e-customer, we can use online versions of traditional marketing research techniques, but more rapidly and more cheaply than before. But remember there are many new issues involved with the design and execution of online questionnaires, focus groups and mystery shoppers and we need to assess the strengths and weaknesses of each technique.

For all research, we must devise a methodology to minimize sample bias. We need to make sure the sample is not made up solely of evangelists who love your service or critics who hate it. How do you counter this?

Remember also that the web also offers a fast, lower-cost method of researching the online customer using secondary data. Consider how well your organization uses the web to enhance its market intelligence using the sources given in the web links at the end of the chapter.

Table 4.4 A comparison of different online metrics collection methods

Technique	Strengths	Weaknesses
1 Server-based logfile analysis of site activity (web analytics) Example: www.webtrends.com (now superseded by browser-based options below)	• Directly records customer behaviour on site plus where they were referred from • Low cost	• Doesn't directly record channel satisfaction • Undercounting and overcounting • Misleading unless interpreted carefully
2 Browser-based site activity data (web analytics) Example: www.google.com/analytics Adobe Analytics Webtrends	• Greater accuracy than server-based analysis • Counts all users, unlike the panel approach	• Similar weaknesses to server-based technique apart from accuracy • Limited demographic information
3 Panels activity and demographic data Examples: www.netratinas.com www.comscore.com www.hitwise.co.uk	• Provides competitor comparisons • Gives demographic profiling • Avoids undercounting and overcounting.	• Depends on extrapolation from limited sample that may not be representative
4 Outcome data, e.g. enquiries, sales, customer service emails	• Records marketing	• Difficulty of integrating data with

Technique	Strengths	Weaknesses
	outcomes.	other methods of data collection when collected manually or in other information systems
5 Online questionnaires Customers are prompted randomly - every nth customer or after-customer activity or by email	• Can record customer satisfaction and profiles • Relatively cheap to create and analyze	• Difficulty of recruiting respondents who complete accurately • Sample bias – tends to be advocates or disgruntled customers who complete
6 Online focus groups; synchronous recording	• Relatively cheap to create	• Difficult to moderate and coordinate • No visual cues as from offline focus groups
7 Mystery shoppers. Sample customers are recruited to evaluate the site; e.g. www.emysteryshopper.com	• Structured tests give detailed feedback • Also tests integration with other channels such as email and phone	• Relatively expensive • Sample must be representative

Section Summary 4.10

Researching the online customer

Today's marketers have the most fantastic opportunity to research customers. We can track customers online, we can ask them questions online and we can have group discussions online. We can observe behaviour in reaction to new stimuli (new offers and/or new landing pages). We can gain a closer understanding of online customers. Metrics combine new research techniques such as digital body language and traditional techniques such as focus groups and questionnaires. Disciplined marketers will take the opportunity and improve their customer research by mixing online and offline research techniques.

4.11 The post-literate customer

Web access via PCs is declining as more people use mobiles, handheld devices, cars, clothes and Virtual Worlds to engage online. Here's a view of the future, its environment and what the post-literate customer might be like. By the end of this section, you will have a glimpse of the future and the customers within it. Let's step into the future now.

The post-literate customer may occasionally accept payment to view some ads but only if they are short enough to match his shrunken four-second attention span. The rest of the ads are screened out by both filtering software and Personal Video Recorders (PVRs) – wall-to-wall-screen TVs. Neither governments nor society permit old-style intrusive advertising any more – no more intrusive evening telephone calls from script-reading intelligent agents. It is also illegal to litter anyone's doorstep or house with mail shots and inserts. Heavy fines stopped all that a long time ago. The only ads that do get inside are carried by the many millions of private media owners who rent out their cars, bikes and bodies as billboards.

The tedious task of shopping for distress purchases like petrol, electricity or memory storage is delegated completely to embedded intelligent shopping bots. Non-embedded bots (intelligent 3D hovering holograms appearing beside you) spun out of control some years ago when they first appeared – always at your side, always on, always double-checking the best price for hire cars, hotels, even drinks at the bar. Some are programmed to be polite, others aggressive or even abusive. All are programmed to be intrusive whenever anything is being bought. Delays on buses and traffic jams regularly occurred when argumentative bots engaged in lengthy negotiations with bus drivers. Frustration broke out. Bots attacked bots, people attacked bots and bot owners. Eventually bots were banned from buses, planes, trains, 'bot-free' supermarkets and 'bot-free' zones where virtual supermarkets appear, e.g. in a subway train station such as Tesco's virtual store in South Korea.

Then came the attractive, good looking personal intelligent bots – see Smith (2016d).

Next came the great worm wars – programming bots so they only buy your brand – for life. But, unlike humans, bots can be reprogrammed by a competitor. The advertising agent worm was born. Agent eaters soon followed.

Despite being information-fatigued and time-compressed, the post-literate customer lives a lot longer than many bots. And certainly longer than most of the new brands that seem to come and go. The 150-year-old person has already been born.

Meanwhile, back at the ranch, microwaves insist on offering suggestions of ideal wines to go with your meal and instant delivery from the neighbourhood's wired-up 24-hour roving delivery van. Your fridge offers special incentives to buy Pepsi when you run out of Coke (or whichever brand owns or hires the 'infomediary' or the fridge-linked database). Children happily play chess and interact with their opponents on giant

vertical screens (which are the side of the fridge). Voice-operated computers are considered noisy and old-fashioned as discrete, upmarket, thought-operated computers operate silently, but extremely effectively.

Think of a world without TV ads, billboards and direct mail – a world where customers choose the information they want to receive. How will businesses reach their target markets in this new environment?

And all the time, the technology, if truly mastered, can free up time to do the important things that give the post-literate customer a genuinely higher quality of life – like reading a book. Unlikely, as this might be a dying entertainment form.

Virtual Customers in Virtual Worlds

Now step into today's virtual worlds, where you can leave your body behind and become an entirely new virtual self – man, woman or hybrid. People can explore this 3D interactive opportunity to escape the confines of their bodies and explore the distant reaches of their minds, and meet other people in a new environment where you can play, talk, walk, run, fly, have sex, watch movies and do business all in a virtual, yet real, way. A world free from the dangers of disease – a 'post war, pre-aids innocence' (source unknown). Major businesses are exploring the possibilities with their own virtual islands, offices, shops and community areas as they learn more about the significance of virtual worlds and its 3D environment which gives glimpses of the next stage of online development, Web 3.0.

There are several virtual worlds including Second Life and Entropia Universe, with many more to come. In fact, some sites like O_2 already use 3D avatars to help customers. Combine this with augmented reality and Google's new glasses – the difference between virtual, augmented and real may decline as shoppers operate in all three simultaneously. The BBC has

screened the *Money Programme* in Second Life; Sky News has opened a replica of its studio in Second Life; Reuters has a presence there; MTV premieres its TV shows inside Virtual Laguna Beach; Audi offers virtual test drives; IBM have sponsored a ballet; the Blarney Stone Pub (in Virtual Dublin) offers virtual Irish coffees. Northern Ireland has a vibrant digital community. The launch of its creative digital hub had a parallel virtual world launch as the 'real' event took place in the Science Park in Belfast (where the *Titanic* was built), with a screen showing a virtual world where the author (PR Smith) walked off the real stage and his avatar walked on-screen in Second Life to address the audience and introduce the Minister for Enterprise (avatar), who simultaneously addressed a virtual audience in Second Life and a real audience in the Science Park (see Figures 4.10 and 4.11).

Figure 4.10 PR Smith addressing a live audience in Belfast's Science Park

Source: www.prsmith.org

The virtual world Second Life has had its first real-world millionaire who made her money from selling property in the virtual world. For more, see Smith and Zook (2011). Virtual worlds will continue in some manner, shape or form.

'Behaviour is a mirror in which everyone displays his own image' (Goethe, 1809, cited in Schifman and Kaunk, 1991).

Section Summary 4.11

The post-literate customer

As Moore's Law (the observation made in 1965 by Gordon Moore, co-founder of Intel, that the number of transistors per square inch on integrated circuits had doubled every year since the integrated circuit was invented) continues to hold true, the time-compressed, information-fatigued, disloyal, post-literate customer seeks relationships not from brands themselves, but from databases that know, understand and seemingly care about them (witness the virtual girlfriend relationships in Japan), relationships with shops and vending machines. Oh, and relationships with people – real, quaint, touchy feely, physical people.

Figure 4.11 PR Smith's avatar addressing a virtual audience in Second Life beamed into the live audience in the Science Park

Source: www.prsmith.org

Chapter Summary

1. Consumers are motivated to venture online for a range of reasons – social, shopping, entertainment. B2B customers are driven by cost savings, speed and selling.
2. We need to understand expectations for service delivery, making promises and then delivering.
3. Online customers have many fears and phobias such as security and privacy. Companies need to reassure them that with their services, the risks are minimized.

4. We have to support customers through each stage of the buying process: problem identification, information search, evaluation, decision, action and post-sales. We need to account for mixed-mode buying.
5. Understanding how customers process information through the stages of exposure, attention, comprehension and perception, yielding and acceptance, and retention can help us design effective sites.
6. Marketers must support the buying process online (and offline). Mixed-mode buying is not uncommon. The high-involvement buying model is explored online as are the six weapons of influence in online buying.
7. Achieving online relationships and loyalty involves defining the ideal customers, understanding their needs and meeting them through the five 'primary determinants of loyalty': quality customer support; on-time delivery; compelling product presentations; convenience and reasonable prices; and clear trustworthy privacy policies. We must delight the customer and add value through personalization, community, integration and incentivization.
8. Online communities and social networks can be effective in delivering *stickiness* and understanding customer motivations and fears. A key decision is whether communities are independent of, or integral to, the brand.
9. Profiling customers involves asking who they are (demographics and psychographics); what they need; why, how and when they buy; and identifying segments.
10. Research involves answering the profiling questions using a combination of online and offline primary and secondary techniques.
11. The post-literate customer. Companies will need to respond to new technologies to offer new forms of customer relationships that meet customer needs.

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Web Links

Market research

Sources to find more about consumer adoption and usage of digital media:
comScore (www.comscore.com) has a Digital Future in Focus series of reports covering the UK, US, several European countries, Canada and Brazil – these are updated through the year and can be accessed in comScore's press releases.
Eurostat (http://epp.eurostat.ec.europa.eu). European commission.
Ofcom (www.ofcom.org.uk/research-and-data/cmr/communications-market-reports). Consumer communications report. Consumer adoption of technology in the UK and International.
Global Web Index (www.globalwebindex.com) Global use of social media sites and devices.
eMarketer (www.emarketer.com). Digital market research studies and reports.
Forrester (www.forrester.com). Digital and technology market research studies and reports (free content on blog).
International Telecomms Union (www.itu.int/ITU-D/ict/statistics). Global and country Internet usage breakdown.
www.statistics.gov.uk. UK market information.

Self-test

Chapter 5
Social media marketing

> Brands are either part of the conversation or they're not and as a result, they're either part of the decision-making cycle or they're absent from the heart, mind, and actions of the connected customer.
>
> *Solis (2011a)*

Overview

We're excited about the potential of social media marketing! It's one of the biggest opportunities in marketing we've seen for years. But, if it's ad hoc or unmanaged, it won't be fully effective and can even be damaging. It definitely cannot be ignored and warrants its own strategy. That's why we've devoted a separate chapter showing you how to create a structured plan for social media marketing.

Overall Learning Outcome

By the end of this chapter, you will be able to:

- Review the impact and potential of social media adoption on marketing
- Understand customer and business requirements for social media
- Create a strategy and plan to manage social media marketing.

	CHAPTER TOPIC	LEARNING OBJECTIVE
5.1	What is social media marketing and why is it important?	Understand the relevance of social media to business
5.2	Benchmarking and setting goals for social media marketing	Define methods to set goals for social media and measure its effectiveness
5.3	Create strategy and plan to manage social media	Identify the components of a social media strategy
5.4	Social listening and online reputation management	Review options for listening to customer conversations
5.5	Develop the content marketing and engagement strategy for your brand	Define methods to use different forms of content to engage online audiences
5.6	Define social media communications strategy	Demonstrate how social media can be integrated into communications strategy
5.7	Define approaches for the core social media piatiorms	Develop an understanding of practical approaches to improve marketing on tne main social networks
5.8	Social media optimization (SMO)	Understand approaches to increase the returns from social media marketing

5.1 What is social media marketing and why is it important?

Social media means different things to different people, so let's start at the beginning … social media, that's Facebook, Instagram, LinkedIn, Pinterest, Snapchat and Twitter? Well yes, but success in social media is not so much about the different social networks, your tools, but your communications strategy for how to use them as part of inbound marketing (Shah and

Halligan, 2009). To apply them effectively for communications, we have to recognize that socializing online is all about participation in discussions and sharing of ideas and content. We think the CIPR Social Media Panel described social media well:

> ***Social media is the term commonly given to Internet and mobile-based channels and tools that allow users to interact with each other and share opinions and content. As the name implies, social media involves the building of communities or networks and encouraging participation and engagement.***
>
> ***(CIPR, 2011)***

This definition shows that the most important feature of these social media channels is that we encourage our prospects and customers to interact and create user-generated content (UGC). Social media can be used as another broadcast-only channel, but that's a mistake!

To simplify it to the essence of why social is social, we can say: social media are digital media which encourage *audience participation, interaction* and *sharing*.

Social media marketing has to be focused on using these media to help achieve your marketing objectives – both protecting and expanding your brand: 'Monitoring and facilitating customer– customer interaction, participation and sharing through digital media to encourage positive engagement with a company and its brands leading to commercial value. Interactions may occur on a company site, social networks and other third-party sites' (CIPR, 2011).

Note that some commentators also discuss *social customer relationship management (CRM)* as part of a broader transformation needed to support social media marketing. We discuss this concept more at the start of Chapter 9.

What are the Main Social Platforms?

In practice, social media sites are amongst the most popular sites on the Internet, along with search engines. To help you develop a strategy for social media, we've identified these key types of social media platforms, each of which needs managing in our social media marketing radar.

Smart Insights (Chaffey and Bosomworth, 2012) created a 'social media marketing radar' that summarizes the options to help you discuss with colleagues or agencies which sites warrant or deserve most attention in the different categories (Figure 5.1). A similar categorization of social media sites has been created by Weinberg (2010). Sites or services that are agreed to be more important, which warrant more resource, should be positioned towards the centre.

These are the main types of social platforms available to you:

1. *Social networks*. In most countries, the core social platforms where people interact through social networks are Facebook, Instagram and Snapchat for consumer audiences, LinkedIn for business audiences, and Twitter for both.
2. *Social publishing and news*. Nearly all newspapers and magazines, whether broad or niche, now have an online presence with the option to participate through comments on articles, blogs or communities.

gure 5.1 Social media marketing radar

urce: Chaffey and Bosomworth (2012)

3 *Social commenting in blogs.* A company blog can form the hub of your social media strategy and you can look at tapping into others' blogs, whether company or personal or through blog outreach.

4 *Social niche communities.* These are communities and forums independent of the main networks, although these do support sub-groups. You can create your own community this way.

5 *Social customer service.* Sites like Get Satisfaction (www.getsatisfaction.com) as well as companies' own customer-

support forums are increasingly important for responding to customer complaints.

6 *Social knowledge.* These are reference social networks like Yahoo! Answers, Quora and similar, plus Wikipedia. They show how any business can engage its audience by solving their problems and subtly showing how products have helped others.

7 *Social bookmarking.* The bookmarking sites like Delicious (www.delicious.com) are today relatively unimportant.

8 *Social streaming.* Rich and streaming media sites including photos (e.g. Pinterest), video and podcasting.

9 *Social search.* When Google+ was launched search engines incorporated more social features such as voting for sites via a Google+1. With the wane in popularity of Google+ in recent years, these features are seen less commonly today.

10 *Social commerce.* Mainly relevant for the retail sector, social commerce involves reviews and ratings on products and sharing of coupons on deals, and can be facilitated by social log-in as used, for example, by Sears Social.

We haven't identified mobile platforms or apps separately since all social networks are available through smartphones; indeed social media statistics account for the majority of use. Proximity services like Foursquare and Gowalla were specialist location-based networks that have been superseded by the location features of the main social networks.

How Important is Social Media Marketing?

Social media has a huge appeal to marketers because it can support advocacy amongst consumers such that when they share positive comments about products or content they create a viral affect known as 'social media amplification'. Yet the challenge of social media is that, when we socialize, we're hanging out, spending time with our friends, family or colleagues, so

we probably don't want to be interrupted by ads from brands and we're not recommending branded content or products for the majority of time.

Since social media is now established and is still 'hyped' about its benefits for marketing, we would expect to see its impact evaluated and criticised. This has indeed happened with some strong viewpoints on both sides. What do you think?

Is social media 'mostly a waste of time' and an 'infantile delusion'?

Here are three examples of social media being criticised in what you could say is a 'backlash'.

First, take a look at Mark Ritson, Associate Professor of Marketing and Branding and column-ist on *Marketing Week* speaking in this video: www.youtube.com/watch?v=S2NUayn2vP0. He acknowledges that 'social media is an amazing tool' but states that it is 'mostly a waste of time' and suggests that marketers' focus is wrong. He says: *'Marketers are putting too much emphasis on social media due to the hype in the media, and are forgetting how powerful traditional advertising and marketing can be'.*

Some marketers and PR professionals like Nicola Swankie from Society felt the need to respond to his video on behalf of social media practitioners. She responded in a long post (Swankie, 2015) reminding Ritson of the power of social media:

> *The new power that people have is vital to consider for any marketer, because it's shifted marketing forever — it's given us the control to personalize and choose the media we see and it's given us a voice.*

She says that great marketing should engage, it shouldn't be something people want to ignore:

> *Social, is the most honest of any media and so it's where lazy, unengaging marketing suffers the most. That is not a reason to ignore Social, it should be a challenge to us all to think about how to make our marketing more compelling and relevant.*

Well said?

Here's another case where a respected marketer criticizes social media marketing. Bob Hoffman, described as 'a traditional ad man', is the publisher of the Ad Contrarian blog and delivered this withering comment at Advertising Week Europe which featured in AdRants (you can watch his speech in this video: www.youtube.com/watch?v=EyTn_DgfcFE):

> *The theory that people want to engage with brands online and share their enthusiasm with their friends, and that their friends will share their enthusiasm with other friends through social media channels, has turned out to be an infantile fantasy.*

Of course, these are only opinions from people who can't be considered active marketing practitioners. The opinion of people who are actively working using digital marketing counts for more, you could argue. When we survey Smart Insights readers we find that social media marketing is usually rated positively as cost-effective, although typically behind search and email marketing (Chaffey, 2015). But for definitive proof in a business or across a sector we have to turn to analytics. Benchmarking data from SimilarWeb and the Custora Pulse (http://pulse.custora.com) showing sales prompted by social media for US retailers (also reported in Chaffey, 2015) shows traffic sources for different sectors and this reveals that in the retail sector for the UK and US, social visits influencing sales are insignificant (2–5% of sales) compared to other channels like paid and organic search, affiliate marketing and email marketing (all with double-digit percentage contributions to sale) compared with search, direct and referrals from other sites, although some 'dark social' social media traffic may be masked in direct traffic. A last-click approach to reviewing the impact of social media in sales can be misleading since often social media updates may generate initial awareness, but conversion occurs in a subsequent visit following a search or direct visit.

If we review media attribution analytics there is a similar pattern for retailers with a low impact for social media behind the other main digital marketing channels. This analysis was summarized in a blog post for a

report provocatively titled 'Facebook and Twitter do almost nothing for Sales' described in Smart Insights (Chaffey, 2012).

Digital Marketing Excellence

Burberry and transformation to the social business

Many of the leading brands which use social media successfully have clear statements of their vision for social and digital media to transform their brand, using big hairy audacious goals (BHAG) to support these.

YouTube
Browse
TV Shows
Movies
Salesforce + Burberry = Like
Subscribe
2,646 videos
0:09 / 1:52
Like
Add to
Share
58,524
Uploaded by salesforce on Aug 30, 2011
Burberry CEO Angela Ahrendts is creating the ultimate Social Enterprise using salesforce.com, incorporating social and mobile elements across the entire organization, and connecting with their employees and customers in a whole new way.
172 likes, 2 dislikes
As Seen On:
VIRALBLOG.COM » Viral...

Figure 5.2 Burberry vision for social and digital media

Source: YouTube video, uploaded 30 August 2011

This example of *vision* from then Burberry CEO Angela Ahrendts (Figure 5.2) shows this perfectly, we think. She says:

1 *We have a vision – to be the first (fashion) company that is fully digital endto-end*
2 *The experience is that the customer will have total access to Burberry across any device, anywhere … they will get exactly the same feeling of the brand, feeling of the culture, regardless of where, when and how they were accessing*
3 *To any CEO who is sceptical today about social enterprise, you have to be totally connected with everyone who touches your brand … if you don't do that, I don't know what your business model is in five years.*

(Ahrendts, 2011)

Christopher Bailey, chief creative officer of Burberry has also spoken about the importance of digital media. Speaking to Mashable when explaining how they used local Twitter takeovers for their 2011 'Tweetwalk', he said:

4 *Burberry is now as much a media-content company as we are a design company.*
5 *A brand is not just about product, it's about experience as well, and experiences need to come from the center of a community … I get excited about using all of those platforms to communicate to all of our different communities around the world about what we're doing.*

(Bailey, cited by Indivik, 2011)

Given the transformation that social media can offer, brands are increasingly looking at a broader scope of how it integrates with the business process, using labels such as the social enterprise, social business or social CRM.

But individuals do also socialize with brands and hang out with others who like these brands. In fact it gets better: the main reasons we go online aren't for commercial activities like shopping and doing business; rather we go online to spend time learning, having fun or socializing.

Digital Marketing Excellence

Princess Cruises' integrated social campaign

Let's take an example now of how you can engage your audience through their interests as part of an integrated campaign. Princess Cruises used a classic 'blog to win' or 'share to win' campaign, asking readers about their favourite travel destination (Figure 5.3).

The campaign engaged the audience through their interest in travel destinations and used Facebook as the heart of this, but encouraged participation through seeding, using other digital marketing channels like blogs and email.

Digital Marketing Insight

The Forrester POST methodology

POST is a framework that businesses can apply to help them develop a social media strategy, first summarized by Forrester in 2007:

- *People*. Understanding the adoption of social media by an audience is an essential starting point. The Forrester Social Technographics Ladder that we'll come to in Section 5.2 is helpful. Of course, reviewing how competitors and intermediaries like publishers and comparison sites are using social media marketing is important too as part of situation analysis.
- *Objectives*. Setting goals for different options to engage customers across the customer lifecycle from customer acquisition to conversion to retention. Josh Bernoff of Forrester recommends that you 'decide on your objective before you decide on a technology. Then figure out how you will measure it'.
- *Strategy*. How to achieve your goals. Bernoff suggests that because social media is a disruptive approach, you should imagine how social media will support change. He says: 'Imagine you succeed. How will things be different afterwards? Imagine the endpoint and you'll know where to begin.'
- *Technology*. Finally, decide on the best social media platforms to achieve your goals; we'll review these in a moment.

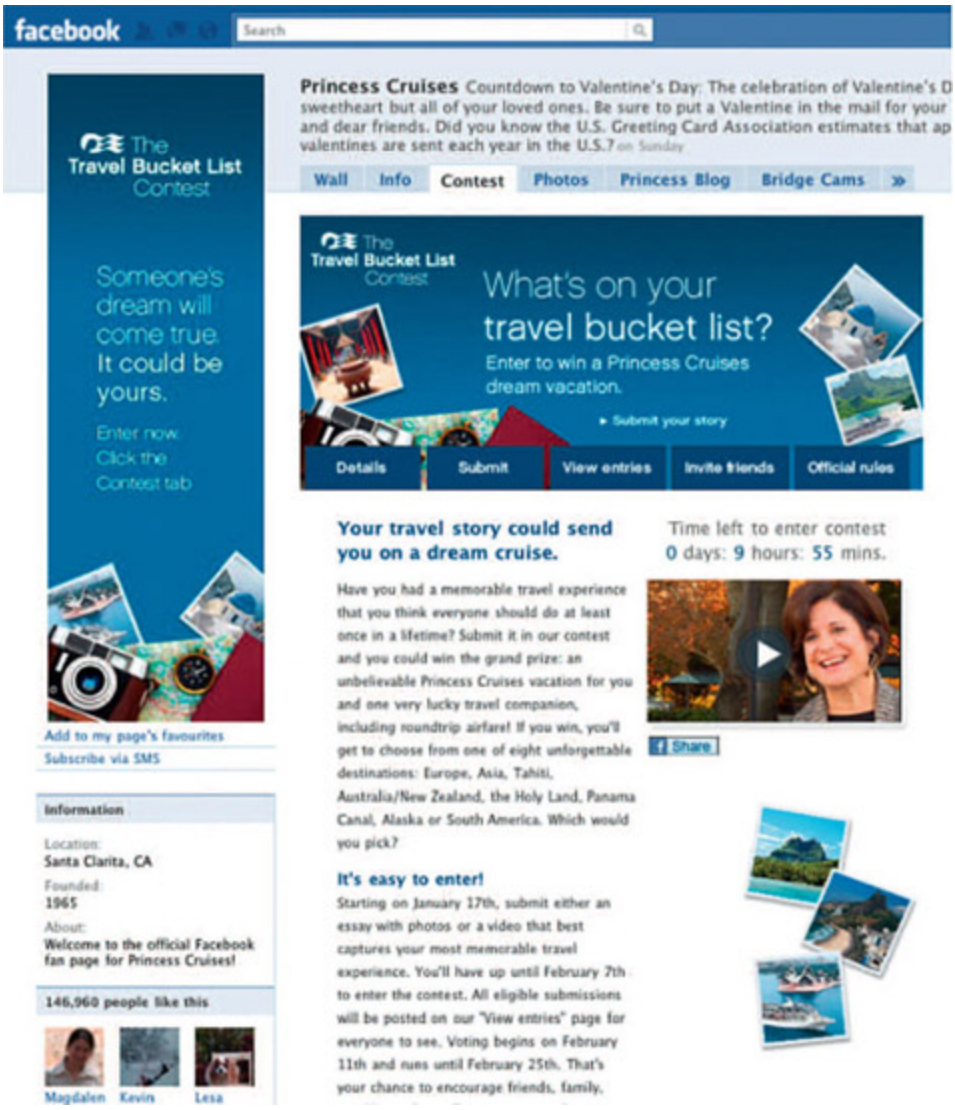
facebook
Search
Princess Cruises Countdown to Valentine's Day: The celebration of Valentine's D
sweetheart but all of your loved ones. Be sure to put a Valentine in the mail for your
and dear friends. Did you know the U.S. Greeting Card Association estimates that ap
valentines are sent each year in the U.S.?
Wall
Info
Contest
Photos
Princess Blog
Bridge Cams
The Travel Bucket List Contest
Someone's dream will come true. It could be yours.
Enter now. Click the Contest tab
What's on your travel bucket list?
Enter to win a Princess Cruises dream vacation.
Submit your story
Details
Submit
View entries
Invite friends
Official rules
Your travel story could send you on a dream cruise.
Have you had a memorable travel experience that you think everyone should do at least once in a lifetime? Submit it in our contest and you could win the grand prize: an unbelievable Princess Cruises vacation for you and one very lucky travel companion, including roundtrip airfare! If you win, you'll get to choose from one of eight unforgettable destinations: Europe, Asia, Tahiti, Australia/New Zealand, the Holy Land, Panama Canal, Alaska or South America. Which would you pick?
It's easy to enter!
Starting on January 17th, submit either an essay with photos or a video that best captures your most memorable travel experience. You'll have up until February 7th to enter the contest. All eligible submissions will be posted on our "View entries" page for everyone to see. Voting begins on February 11th and runs until February 25th. That's your chance to encourage friends, family,
Time left to enter contest
0 days: 9 hours: 55 mins.
Share
Add to my page's favourites
Subscribe via SMS
Information
Location:
Santa Clarita, CA
Founded:
1965
About:
Welcome to the official Facebook fan page for Princess Cruises!
146,960 people like this
Magdalen
Kevin
Lesa

Figure 5.3 Princess Cruises campaign example

Source: www.princess.com

Section Summary 5.1

Social media marketing is based on how we can use consumer-to-consumer (C2C) interactions to increase awareness of our brand while minimizing negative mentions. Social media marketing has the potential to transform businesses to make them more customer-centric, but major transformation

requires senior managers to lead, through defining the vision and supporting it through sufficient resources and the organizational changes needed.

5.2 Benchmarking and setting goals for social media marketing

Social media platforms like Facebook, Twitter and LinkedIn are no longer new. Most companies already have some form of presence and customers will be discussing your brand and related interests.

So start strategy development by checking the current situation of what social media is delivering to your organization against commercial goals.

Even if you're not established in your use of the social platforms, you should still start here by reviewing how your customers and others in your sector and beyond are using social media; it's all too easy to go straight to getting your business up and running on Facebook, LinkedIn or Twitter. The mantra is 'Listen first!' We'll go into more detail on the tools to use this later.

Review Business Goals for Social Media Using the 5Ss

With social media, it's especially important to think about how it will support your business, since it's all too easy to go straight to getting your business up and running on Facebook, LinkedIn or Twitter without thinking of what you want to achieve.

Start with the business goals; make these as specific as possible by understanding how customers are using social media now.

Set sell goals

Write down how your social media channels will influence sales and purchase intent by generating leads and sales that are activated both online and offline.

Sell goals are best defined through the Smart Insights RACE Planning framework (Chapter 1) so that they cover all customer contact points through the customer lifecycle:

- *Reach*. Use social media to reach new prospects through amplification such as shared mentions in social media streams and advertising within social media
- *Act*. Use social content or web site(s) and social outposts to encourage interaction leading to increased leads
- *Convert*. Increasing conversion to sale through moving customers from interaction with your brand to purchase using social recommendations
- *Engage*. Encourage your existing customers to act as advocates for your business through sharing and recommendations.

Set speak goals

Write down your broad aims in these five areas:

1. Encouraging ongoing engagement (this should come before company messages so that the 'sell–inform–entertain' balance is right)
2. Communicating brand perception and key brand messages
3. Communicating updates about new products and offers
4. Encouraging dialogue to find out more about products
5. Reputation monitoring and management.

Set serve goals

Define how social media will be used to deliver customer-service goals:

- To provide information to resolve customer-service issues
- To identify discussed customer issues and resolve them
- To encourage web self-service including collaborative self-service.

Set save goals

Cost savings are a less relevant part of the 5Ss since managing social media has incremental costs for which budget will need to be found from elsewhere. But it's as well that this issue of budget reallocation is considered here.

Set sizzle goals

These are closely related to the speak goals; they explain how to add value to customers through social media.

Now you have thought through the potential benefits of social media for your business, you should review what it's delivering now *and* how well the organization can support it.

For setting objectives, we think the Altimeter social media ROI pyramid (Owyang, 2010) is valuable in helping to define the important types of objectives. It employs the classic approach of using business or strategic measures owned by a senior manager at the top of the pyramid with operational measures at the base (Figure 5.4).

You can see that there are three levels of key performance indicators (KPIs); check that you include each of these:

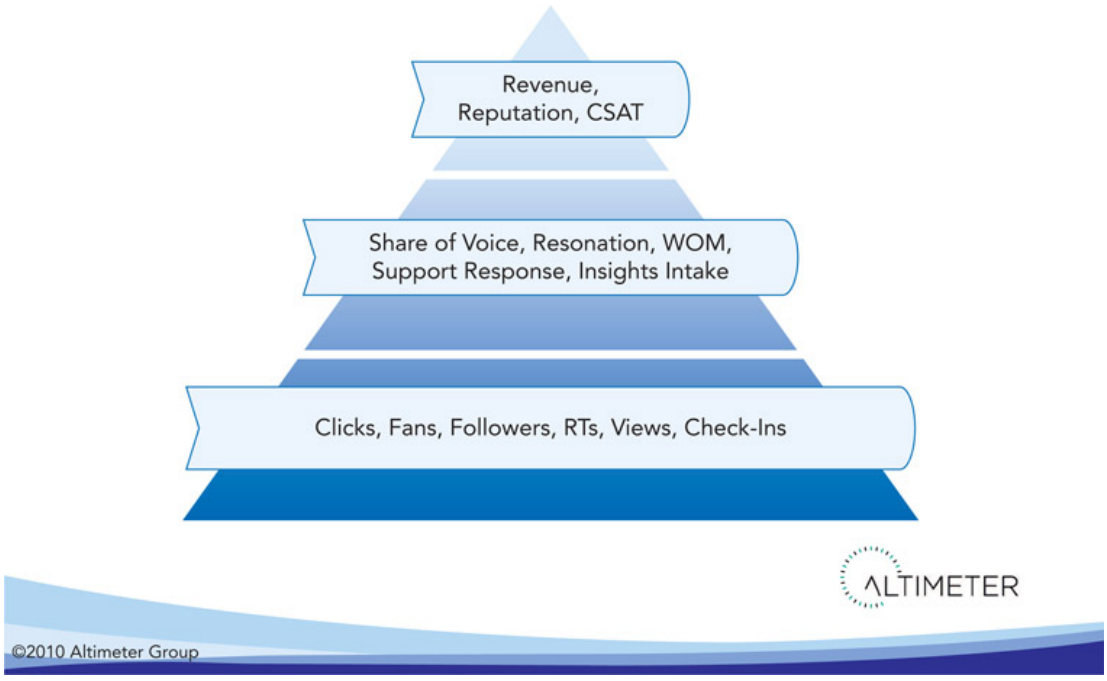

Figure 5.4 Social media KPI pyramid

Source: Altimeter (Owyang, 2010)

The measures at the top of the pyramid are the most important, but the most difficult to measure. These KPIs include ROI and contribution to revenue through sales attributed to social media. Softer measures include brand reputation and customer satisfaction (CSAT) – ask customers about the quality of social media for these interactions.

It's one thing to create a framework, it's quite another to be able to attribute investment in social media to return. To put in place a framework, you need to define:

- Cost of social media marketing activity – relatively easy to define
- Outcomes achieved through social media which can occur on your site or offline

- Value of outcomes online or offline; i.e. leads or sales influenced by social media.

Digital Marketing Insight

Using Google's multichannel funnels feature to review goals

To set SMART objectives and report on social media marketing, we need to use the right systems and tools to collect insights. Here are some of the barriers:

1. *The 'last click wins' model.* By default, Google Analytics and other analytics tools measure outcomes based on the last visit to the site, but typically there will be repeated visits before sale. So we need to attribute these earlier visits where possible, using approaches like the Assisted Conversion Report.
2. *Direct visits and branded searches are still common ways to navigate to a site.* If you want to buy and you're already aware of a brand, you will often just type their name or URL direct into the search bar. Again, attribution using the Assisted Conversion Report can help here.
3. *Attribution is based on cookies. Customers delete and block cookies.* Attribution is based on use of cookies typically; if customers delete cookies, then multiple touch-points can't be measured.
4. *People use mobile devices and apps to visit sites prompted by social media.* If some of your users are using apps like Facebook, Twitter, TweetDeck or Hootsuite on their mobile or tablet device, then these visits are not linked from another site, so they may be a 'dark social' visit, not registered as inspired by social media.

5 *Multiple device usage.* It's common now for people to use multiple devices, so if a customer becomes aware of a brand through social media on one device, but later visits a site using another device, it's difficult to relate the two together.

While these don't really help you, it does give you a way to argue why the levels of leads and sales from social media marketing are lower than you might expect.

Review Consumer Demand and Engagement for Social Media Marketing

It's important to understand what proportion of active social media participators you have in your type of audience for your type of market.

As an alternative approach to the Ladder of Engagement (see Chapter 3, Section 3.10), Forrester developed two tools to help understand how active your audiences are in using social media.

- *Social Technographics Ladder.* Use this to understand the range of audiences (Figure 5.5)
- *Social Media Profile Tool.* This enables you to see the different levels of audience involvement according to customer age, gender and location. There is also a B2B tool.

Their Social Technographics Ladder shows that the two key influencer audiences to understand are the creators and the critics, since they will help amplify your message.

Although we suggest focusing on the creators and critics, it's worth thinking about your goals for each of these audiences too. For example, think how you can activate each type of person:

- *Creators* – encourage them to feature you in their blogs, contribute to your site and then share their content
- *Critics* – encourage discussion in your blog or social outposts
- *Collectors* – share your content through social sharing
- *Joiners* – again, start to share your content through social sharing
- *Spectators* – encourage the move to Joiner or Collector
- *Inactives* – encourage the move to Spectator when you're communicating with them offline.

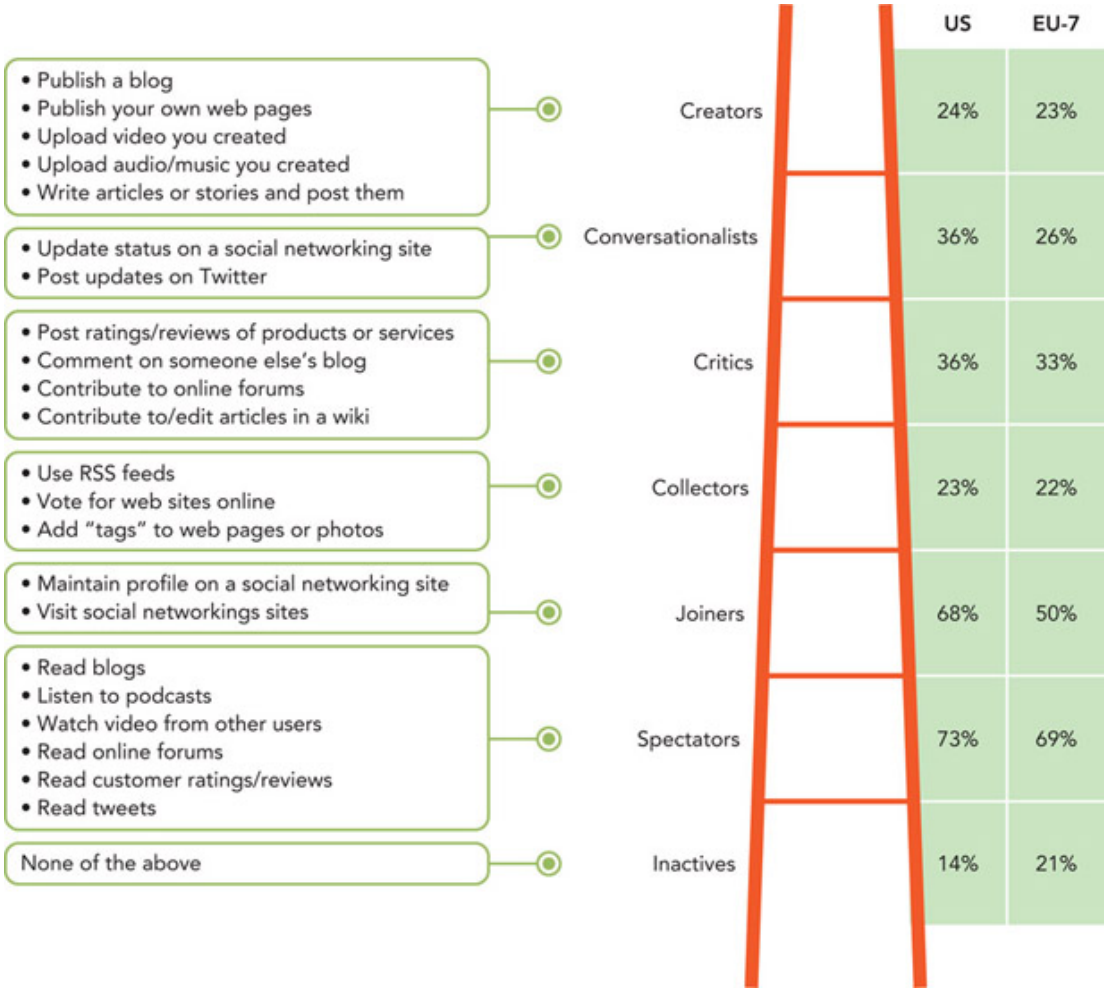

Figure 5.5 Social technographics for US and EU, 2011

Source: Forrester (2012)

Analysis of your own markets can give the best results. You can start with surveying your audience. Ask existing customers about their preferences for different platforms and how they'd like to see you using them – this is a great place to start.

You can also see how competitors have fared in encouraging interactions, which brings us to:

Benchmark competitor use of social media

To help review competitor use of social media, you need to find a standard method of reviewing competitors. We suggest creating a simple scorecard of how well your competitors are using social media. Here are some KPIs you can track for yourself and for competitors:

Reach and influence KPIs

- *Share of voice (number, per cent).* The number of people discussing brand and category keywords in social media
- *Sentiment (discussion polarity, per cent).* How many people are speaking positively about a brand.

Engagement KPIs

- *Network size and growth.* The obvious one – the numbers of fans or followers of the main social networks
- *Social sharing.* The degree to which content is shared through the network – retweets on Twitter, likes on the other social networks.
- *Engagement (per cent).* Through user-generated content on-site.

Section Summary 5.2

Don't just 'dive in' to social media through setting up a presence on Facebook and Twitter. Instead, listen to customer conversations. Watch how customers use social media and how competitors are using social media. Then review your business aims for social media across the 5Ss. In particular, think carefully about how social media will support the 5Ss.

5.3 Create a strategy and plan to manage social media

In this section, we will cover six core social media marketing activities which together will form your strategy for social media marketing:

1. Listen and manage reputation
2. Transform the brand through social media
3. Acquire new customers
4. Increase sales to existing customers
5. Deliver customer service
6. Harness insights to develop the brand using social media optimization (SMO).

All activities should run on a continuous *and* campaign basis. To support them, they require both a content *and* a communications strategy which we cover in later sections of this chapter.

Activity 1: Define listening and reputation strategy

You need to understand social media usage for each of:

- *Your audience* – who they are, how they participate, what they're saying and sharing
- *Your activity* – through official social media channels and interactions through your site, but also through employee mentions
- *Your competitors* – for direct and indirect competitors, you need to review how their activities compare to yours
- *Online publishers and other key intermediaries* – these are a form of indirect competitor and are also important as influencers.

But listening is just listening, so at the same time you need to develop an approach on how to follow up for positive or negative mentions. Since this is a key topic in digital marketing, we cover listening and reputation management in more detail in the next section of this chapter.

Activity 2: Transform the brand through social media

To really exploit social media is not business as usual. For most companies, it will require big changes to their brand, company structure and how everyone in the company communicates.

Some key areas for delivering this transformation are:

1. *Set scope for social media activities.* Understand the intersection of social media and your business activities. It's not just about your Facebook, Google+, Twitter or LinkedIn presence, it cuts across all customer marketing activities.
2. *Review social media capabilities and priorities.* Social media marketing isn't new for most companies, they will already be using social media. But they won't be using it to the max. Benchmarking where you are now against where you want to be in the future is the key to future success.

3 *Governance: define who is responsible for social media.* We've seen that exploiting social media requires the involvement of many people in larger companies. So we need to decide who does what and how different groups work together. We'll see that in larger organizations, a social governance policy has to be created.
4 *Reviewing the personality of your brand and setting a vision.* Social media and content marketing give many opportunities to make your brand more engaging which have to be thought through. The whole personality of your brand may have to be revisited too.

Activity 3: Acquire new customers using social media

For most marketers, the ultimate appeal of social media marketing is to use it to increase sales through reaching new prospects and converting them to customers. In reality, for most businesses, social media marketing may be most important in serving existing customers or providing service, but you will set priorities according to what you think is important.

Acquiring new customers through social media marketing works best if you apply all aspects of our RACE planning framework. You need to ask these questions:

- *Plan* – what is our strategy for making the best use of social media?
- *Reach* – how can we use social media to reach new prospects? Identification and outreach to key influencers will be part of this
- *Act* – which approaches on our web site(s) and social outposts will encourage interaction?
- *Convert* – how can we create sales through moving customers from interaction with our brand to purchase?
- *Engage* – which marketing activities will encourage our existing customers to act as advocates for our business? This will involve defining a content strategy to seed content that existing customers can

share. Likewise, campaigns to encourage social sharing such as those run by McKay Flooring can help here.

The conversion funnel in Chapter 1, Figure 1.13 gives a visual representation of this cycle.

Digital Marketing Excellence

How a small business uses Instagram and Pinterest to grow awareness

McKay Flooring is a family business established for 40 years. It is a great example of how smaller businesses can be creative in using social media marketing to expand their reach.

What caught our interest was the way they use some of the newer social media marketing platforms like Pinterest and Instagram for competitions. These are all promoted through their blog, which is also a great example of how a blog can act as a social hub for campaigns, while also building the credibility of a company by using testimonials and linking to product categories on the main site (Figure 5.6).

The competition mechanic is straightforward:

- *Offer* – a prize draw to win a £100 Amazon voucher
- *Entry* – take a picture of the floor on Instagram (the iPhone and iPad app for easily sharing to Facebook or Twitter)
- *Campaign name* – a hash tag of #mckayflooring and #mywoodfloor has to be added to the post, which helps with branding.

McKay Flooring has also been active in using Pinterest. Their profile Pins (http://pinterest.com/mckayflooring) shows how you can use a

range of techniques to build a brand:

- *Case studies*. Demonstrate your expertise by showing previous work and how you solved a specific problem, perhaps using a customer testimonial video.
- *Sell products*. You do this through showcasing products and potentially adding pricing to the Pin description.
- *Develop brand personality*. Use Pinterest to show company culture, the type of people who work for you, what your brand stands for and simply put a friendly face to your brand.
- *Events/trade shows*. If you take part in lots of events and trade shows, why not entice your audience with sneak previews of your stand? Let them know where you will be and when.
- *Competitions*. Run a contest to encourage visitors to create Pins of your projects/products/designs that they like and then choose the finalists and get others to vote for what they like.

McKay Flooring Blog
The UK's Flooring Family for 40 Years
McKay Flooring Launches Instagram Competition
Like One person likes this. Be the first of your friends.
Hot on the heels of the successes of our recent Social Media and Pinterest competitions McKay Flooring are now calling for entries to our new Instagram competition.
MCKAY FLOORING LTD #MCKAYFLOORING
INSTAGRAM Competition
#mywoodfloor
WIN £100 AMAZON VOUCHER
mckay flooring
CELEBRATING 40 YEARS OF BUSINESS 1972 - 2012
Tel: 0845 602 7694
Testimonials From Our Satisfied Customers
Colin & Justin
click for more...
As featured in:
TheObserver
The Herald
GRAND DESIGNS
sunday mail

Figure 5.6 Social media marketing campaign from McKay Flooring

Source: http://blog.mckayFlooring.com

Activity 4: Increase sales to existing customers

Applying social media to increase sales to existing customers focuses on developing your customer communications strategy to encourage more social interactions on your site and on your social outposts. As with all communications strategies, this will cover:

- Your objectives
- Your target audiences
- Value to be offered through content and offers
- Integration of communications.

Tools and platforms that are important to support this communications strategy are:

- *Social outposts* – using the main public social networks to communicate offers, interesting content and to deliver service to improve experience of the brand
- *Your own community* – you may have your own community, either an explicit customer panel or forum or other techniques for getting customer feedback like reviews and ratings
- *Email marketing* – using e-newsletters and email campaigns to encourage more social interactions through customers
- *Mobile platforms* – using mobile apps and mobile web browsing to support all types of interactions.

Activity 5: Enhance customer service through social media marketing

Improving customer service through social media is not a major focus of this chapter since we focus on communications that directly increase sales through reaching or converting more of an audience.

However, to find out more about how customer service can be delivered through social media, we recommend reading the advice of consultant Guy Stephens of Foviance (Chaffey, 2010). He talks about how specific customer-service activities should be managed, including:

- Social listening to identify customers requiring service
- Outreach to answer customer questions or resolve problems
- Using service to improve product and service offerings
- Management of a company's own service forums or other service platforms like GetSatisfaction.

Guy has a vision for 'anytime, anywhere' customer service in the context of customer need, as shown by this quote by John Bernier of Best Buy about their 'Twelpforce' Twitter service:

> ***For us to enable customers to answer questions that come from anywhere so that the customer doesn't have to find us, we find them. We don't want someone to have to leave Facebook to ask a question, we want them to ask it there.***
>
> ***(John Bernier, cited in Chaffey, 2010)***

Activity 6: Harness insights to develop the brand using social media optimization (SMO)

Once you have your social media marketing up and running as you'd like, it's worth thinking more carefully about measurement and SMO, which we'll cover in the final section of this chapter.

You may have the core of a social media strategy and have social media marketing up and running, but we can always find new methods to make our content work harder for us. This is optimization! Thinking from the customer perspective, SMO is about making brand interactions easier.

That's easier to:

- Discover
- Interact
- Share
- Return to through time
- Lead to purchase.

This is not just to make the process physically easier through navigation or buttons. Instead, it's understanding the psychology of motivation to interact and share.

Summarize How You will Align Strategies and Tactics to Business Goals

After you have reviewed your options for social media marketing, it's time to select the most important and summarize them. This is at the heart of your social media marketing.

Transforming Your Business

After you have identified the main social media marketing strategies, the final, crucial area to think through is how you will make the necessary change happen. This is where many companies fail to commit fully to social media since this change, as with all major business change, can only come if sponsored by the most senior managers as they buy into it. So in the final section for this step, we'll go into this in a bit more detail.

To help manage change, these are some key areas of delivering this transformation that we have seen in companies we have worked with and advised:

1. Set scope for social media activities to communicate to staff
2. Review social media capabilities and priorities
3. Governance: define who is responsible for social media
4. Review brand personality and vision.

Transformation factor 1: Set scope for social media activities to communicate to staff

Your people may, understandably, just believe that social media is about how the company uses Facebook and Twitter. To show its importance, it's

best to define the breadth of social media to help explain why changes are needed.

- *Question: Is the scope of social media strategy defined?*

At first, social media may seem to be limited to a digital media channel like any other, such as affiliate, display ads or search. But this is a really narrow view and, if you take it, it is likely you will fail to exploit social media. Social media marketing can and should involve the whole business, wherever communications are involved.

Transformation factor 2: Review social media capabilities and priorities

Once you have a better understanding of the scope and business goals of social media, thinking through your current capabilities against where you want to be is useful. We like this assessment (Figure 5.7) developed by Paul Fennemore of Viapoint with Professor Moira Clark (Henley Business School College) and Dr Ana Canhoto (Oxford Brookes University).

We like this assessment as it can be applied to different types of company and acts as a checklist of practical steps to improve digital marketing.

Transformation factor 3: Governance – who is responsible for our social media?

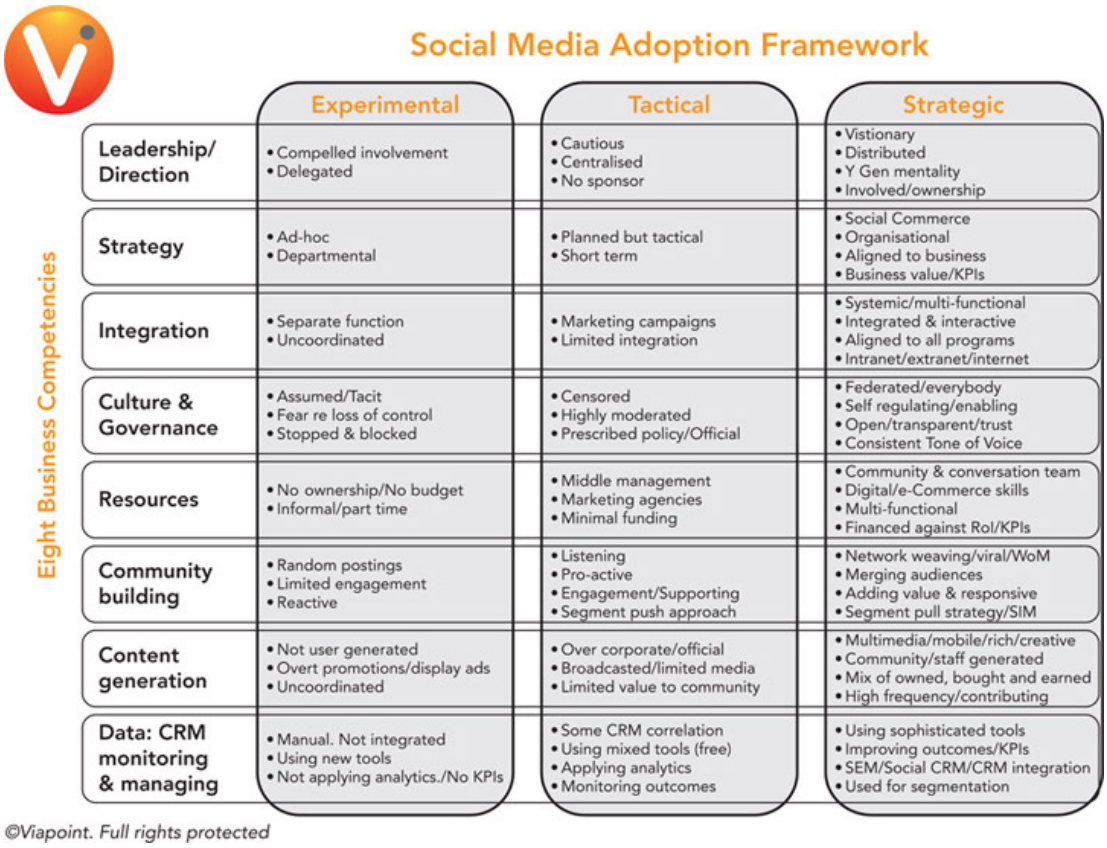

Figure 5.7 Social media marketing capability assessment framework

Source: Viapoint (2012)

We've seen that exploiting social media requires the involvement of many people in larger companies. So we need to decide who does what and how different groups work together. This is more of an issue for large businesses, so do skip this part if you work for a smaller company and there are only a small number of people who need to 'get it', be approached and agree.

Define clear social media marketing responsibilities for each business function and each role within these.

Define how each business area contributes to improving social media marketing and the responsibilities they have. Define overall management of strategy, monitoring and improvement.

There are many governance issues to be considered across all types of company: these are some to consider. You may recognize these as the McKinsey 7Ss:

- *Strategy* – you'll have this covered through following the advice in this chapter.
- *Structure* – is a separate team (or resource) needed in a smaller company?
- *Systems* – are new ways of working, new processes required? These types of changes are arguably the biggest; they require a look at the process of new product development, customer service, marketing campaigns and brand development. Less important, systems can refer to new tools.
- *Shared values* – how are cultural shifts shared?
- *Skills* – are new team skills required?
- *Style* – change to organization culture?
- *Staff* – change in roles?

Having the right evaluation and monitoring tools and using them is also a key transformation success factor which relates to systems, skills and staff. We'll talk more about this in the next step.

US-based social media consultant Olivier Blanchard ('The BrandBuilder') recommends that social media management must be designed to plug into all business functions from market research to customer service so that they each have a role.

There does need to be a single point of control of the strategy and resources for managing activities, as suggested by Figure 5.7, but there should be clear goals and responsibilities for social media marketing for each team:

- *Sales* – use to support lead generation, increase purchase frequency and category penetration

- *Customer support* – deliver immediate feedback and response, positive impact in public forums, cost reduction
- *Human resources* – manage employee social interactions, more efficient recruiting, online monitoring of employee behaviour
- *Public relations* – manage online reputation management, partner outreach to encourage advocacy, improved brand image via customer advocacy
- *Marketing* – understand customer needs, manage social communications, encourage social sharing, harness insight.

Even in smaller companies, where there isn't a separate function for each, someone needs to make sure these happen.

Transformation factor 4: Define or refine social media governance policy

Whether you're unleashing your workforce on social media as part of the brand or just letting them participate in social media on a personal level, having a governance policy in place allows everyone in the company to take part but within parameters set by you.

The debate has long raged about social media in the workplace and how it enables businesses to grow versus distracting employees and reducing productivity. Whatever your view, the facts are that we are in an ever-connected world; whether at a computer or through mobiles, employees can and will have access to the online social world.

A social media governance policy is a suite of polices, processes and educational resources to empower and manage your employees.

We recommend this database of social media governance policies where you can learn from approaches defined by others:

http://socialmediagovernance.com.

Key areas you should ensure are covered as part of your social media governance policy are:

1. *Training and education.* This is the most fundamental area for any social media governance. Empowering employees with knowledge will prevent issues and also create new opportunities. Staff are likely to see this new knowledge and skills as an opportunity to further increase their performance. Set up training sessions with your team and show examples of how staff in other business have both helped and hindered the business. Ensure that you show staff how you monitor social media as a whole and how likely the tools/software are to pick up on their business/work-oriented posts as well. Give clarity on how this affects work/brand/business-related activity only; their personal posts are still private and confidential.
2. *Dos and Don'ts.* Creating a top-level list of Dos and Don'ts will help staff understand the boundaries of their social media activity in the workplace. Make these playful; always bear in mind that if people want to access these networks they can, easily, on their personal phones. Restricting and blocking access to such items doesn't necessarily mean less time on them or increased productivity. Be clear that it's acceptable and no one will ever be questioned, as long as performance is where it needs to be and people are on schedule.
3. *Brand guidelines.* Most large brands have a set of guidelines or books on how to communicate to represent the brand. Ensure that your social media policy is in this book/guidelines and that training and management personnel make sure it is understood and followed. The etiquette and running of the business will directly affect staff and therefore what they are likely to say about the brand in their own personal networks.
4. *Reviewing brand personality and vision.* This is what we have always called the brand essence; it's a positioning, but applied to what people

engage with and want to experience. We think brand personality is a great way to think about it. For Jay Baer, author of the Convince and Convert blog, it's 'Your One Thing' you seek to communicate.

We like the way Rohit Bhargava describes it as personality.

> ***Personality is the unique, authentic, and talkable soul of your brand that people can get passionate about.***
>
> ***Personality is not just about what you stand for, but how you choose to communicate it. It is also the way to reconnect your customers, partners, employees, and influencers to the soul of your brand in the new social media era.***
>
> ***(Bhargava, 2008)***

A vision for the future

Here we're not talking about an overall vision or mission statement; instead, to get others on board, you need to show how social media can transform your organization as it's integrated with other channels.

Digital Marketing Excellence

EMC communicates social media vision to its employees through video

In this example from B2B technology hardware and services company EMC, a large company tackles the tough job of convincing sceptical employees who ask in a lighthearted way 'What's the point in social media?' As you can see, it shows that social media is nothing new, simply that technology now helps us to communicate in a way we always have since the time of the caveman.

Figure 5.8 shows the employee YouTube clip (http://youtube/ah8aHIsAJfc) from the blog of Keith Paul (@Kempipa, http://twitter.com/kemipa), the 'Chief Listener' at EMC.

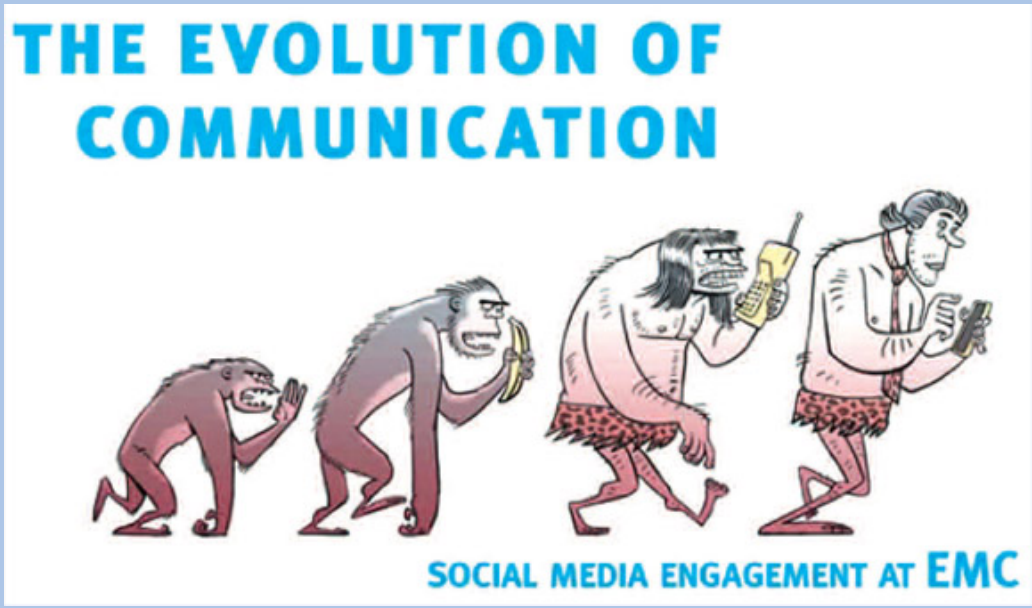

Figure 5.8 EMC employee social media marketing benefits communication video

Source: EMC social media caveman, uploaded on 27 June 2011 (http://youtube/ah8aHIsAJfc)

Section Summary 5.3

We reviewed these social media marketing activities which together will form your strategy for social media marketing:

1. Listen and manage reputation
2. Transform the brand through social media
3. Approaches to acquire new customers
4. Approaches to increase sales to existing customers
5. Approaches to deliver customer service
6. How to harness insights to develop the brand using social media optimization (SMO)

5.4 Social listening and online reputation management

In this section, we explain how to put in place the people, process and tools needed for effective listening.

'Listen first!' is the advice most social media consultants and agencies give when discussing the creation of a social media strategy. We agree! Improving the way you listen to conversations will help you through improving your insights on:

- *Market understanding*. Understand issues that your prospects and customers discuss for your market so you know which types of conversations are interesting to your audience, so that you can stimulate and participate in them. Market and customer needs should feed into new product development plans.
- *Brand mentions*. How popular is your brand compared to those of competitors (share of voice)? Which issues are discussed around your brand? What is the 'sentiment polarity'? This jargon term means the proportion of positive to negative mentions compared to competitors.
- *Influencer identification*. Influencers are core to your social marketing strategy; they help spread your brand to outposts beyond your current network. They give you instant reach, credibility and often are cheaper/more cost-effective than media spend in reaching your audience. An influencer could be an industry blogger with great content and good site traffic or a regular Twitter member with a large following. Identify the key influencers in your industry and using the steps below, look at how to utilize them appropriately.
- *Partner development*. Related to influencers, this means identifying publishers or major sites you can use for strategic partnerships or to get involved in their discussions.

- *Content and campaign ideas.* Use social listening to find out which content assets or 'social objects' are shared – is it infographics, videos or images? How do companies run their campaigns? This relates, for example, to the frequency of campaigns, how they keep them sustained through repeating offers.
- *Negative comments.* Managing and responding to negative comments about your brand.
- *Sales opportunities.* Identifying leads and sales opportunities – particularly important for social media marketing.
- *Product and service development.* All of the above can help you understand customer needs.

There are two types of online listening, defined best by Stephen Rappaport, author of *Listen First!* (2011):

- *Social monitoring.* Tracking online brand mentions on a daily basis for PR, brand protection, operations and customer service outreach and engagement.
- *Social research.* Analyzing naturally occurring online categories of conversation to better understand why people do what they do, the role of brands in their lives and the product, branding and communications implications for brand owners.

Each form of listening has a unique purpose. Social monitoring is continuous to enable reporting on conversation volume and to respond to events. For example, dealing with negative feedback or upset customers is one example of an outcome from social monitoring. Social research is more strategic and ad hoc and is used for campaign planning, new product development or improving the online experience.

There is also a third type of social listening, which is where you proactively ask existing customers or site visitors for their feedback in a structured way. We've identified five different types of online customer feedback tools to help you select the right tool:

1. *Voice of customer web site feedback tools and software.* These provide a permanent facility for customers to give feedback by prompts on every page. See http://bit.ly/smartfeedback
2. *Crowdsourcing feedback tools and software.* Put simply, this is crowdsourced structured social research. The example below from UserVoice shows how a brand asked selected customers to make recommendations for improvement to the brand.
3. *Simple page or concept feedback tools.* Get feedback on a web site or visual design concept.
4. *Customer intent–action tools.* Assess the success of and satisfaction with web site visits.
5. *General online survey tools.* These are surveys that you encourage completion of through email marketing.

You may know the Dell IdeaStorm site (www.dellideastorm.com) where Dell gets ideas for improvements to products from users and then feeds back to them. Using tools such as UserVoice to complement social monitoring and social research offers amazing insights into your business from a customer's perspective. The beauty of tools such as UserVoice is that it not only allows you to put customers in the driving seat of your business, but you can also keep them informed on the progress of their ideas/feedback by updating the status.

What should we Listen to?

A simple question, but it needs to be asked. You can't listen to everything and the tools aren't clever enough to do this automatically, so you have to set the scope of conversations you want to listen to. This means, that to start, you need to think about social media keyword analysis.

Social Media Keyword Analysis

The best approach to listening is to define a limited set of trigger words contained within phrases to listen out for.

We suggest three main types of keyphrase with these corresponding types of mentions:

- *Brand conversations about you.* Your brand name and sub-brands
- *Competitor conversations.* Your competitor brands
- *Market conversations.* Products and services you offer.

In addition to specifying keywords in these areas, check to see where keywords aren't relevant for use. These are similar to the 'negative matches' in Google Adwords. For example, if you're looking for phrases related to sportswear, but you don't offer ski clothing, you should exclude this.

The Main Types of Social Listening Tools

To refine your social media listening, you can use these tools:

1 Search engines

- Free: Google Realtime, Blog, Discussion, Alerts, Reader
- Free: Twitter Advanced Search.

These are simple, free tools for top-level review, but they don't include sentiment analysis. Still, a process needs to be in place to extract the insights and set up the appropriate action.

2 Specialist social media monitoring and analysis (see also the Digital Marketing Insight box below on selecting tools for social media listening and online reputation management). These include bother-free and paid options:

- Free: Talkwalker Alerts, Social Mention

- Paid (low-cost): Hootsuite, Buffer, Viralheat, Trackr (these services may be better value when they are included as part of search marketing analysis tools; for example, Raven Tools or Moz)
- Paid (enterprise tools): Radian6 (part of Salesforce), Alterian SM2, Sysomos.

This type of listening tool varies a lot in terms of features and therefore potential uses. These tools generally offer some social research features as well as monitoring features, meaning you can usually extract more value from them by tweaking the configuration.

3 Customer communities: currently, there are relatively few tools in this category. The two primary tools in this area are UserVoice (www.uservoice.com) and UserEcho (www.userecho.com) because they are based on crowdsourced ideas and feedback, which is different to Kampyle and the like which are much more 'score our business'-oriented. These tools operate solely in the structured research area, but complement other listening tools.

Digital Marketing Insight

Checklist – selecting tools for social media listening and online reputation management

Consider these ten points before deciding which tool(s) are most relevant for you.

☑ 1 *What's included in the data sets?* Does it cover blogs (via RSS feeds or crawlers), Tweets, Facebook Likes, reviews, comments, forums, etc.?

☑ 2 *What are the data sources and how does harvesting occur?* Is the data taken from third-party providers or is the data collected in-house through a crawler (similar to the way that Google crawls

the web). An important point to consider is if the provider offers the ability to go back in time over 30 days or six months as data is regularly dropped out by third-party providers, thus providing a diluted view of days gone by.

☑ 3 *How is the data cleaned and prepared?* What process does the provider go through to manage duplicates, SPAM, forum threads, etc. You want to avoid double-counting or duplicating responses to customers.

☑ 4 *How is the data organized or segmented?* Is the remaining content relevant to the business questions being asked? What are the base, volume and discussion sources being included for classification? How is the data being segmented so it contains the most pertinent consumer discussions around your specific area of interest?

Key ways of grouping or filtering information are:

- By brand
- By product category or type
- By country.

Basic tools will only report against individual keywords or long lists of keywords. Grouping is essential to compare products. For example, Radian6 enables grouping of product-related keywords in its set-up and separate profiles for competitors.

☑ 5 *How is the data being analyzed and are actionable insights delivered?* Is sentiment purely done by automated technology or by human analysis, or both? Can the system help you determine what the important topics are that lead volume or drive a particular sentiment? Does the system use an influence index of some sort to identify key persons around sectors/conversations?

☑ 6 *Can key influencers be readily identified?* To decide how to manage a negative mention, you need to see how important the

site with it is. Tools vary in the way they assess influence and they don't all link to other systems like Klout. Mentions on Facebook or Twitter typically show the number of fans or followers. But for blogs, it can be harder to assess their influence – this may be based on Google PageRank, number of comments or number of links.

☑ 7 *How actionable are the insights and how should they be implemented?* Is there a consulting service so that information and data can be transformed into insight? Consumer-generated media is a vast and ever-changing form of media and many organizations need to rely on the expertise and experience of a well-seasoned research team. While data can be informational, consumer-generated media insights are powerful building blocks that can be used to transform and prepare an organization for the changing digital landscape.

☑ 8 *What workflow support is there?* Related to making the tool actionable, the better-quality tools enable you to manage follow-up through forwarding conversations to others in sales or support for action, and then their action taken and the outcome is included in the system.

☑ 9 *How much will it cost? What is the payment model for the service*? Most listening tools have a Pay Per Use service model based on the number of queries or searches done. This can make it difficult to evaluate the cost until you have done the keyword research. It will depend on the number of keywords you have defined in your category and how popular the competitors are. If Apple or Nike are your competitors, expect to pay.

☑ 10 *What are the hidden costs?* Configuring the keywords to monitor and customizing reports are often not quick to complete. There may be additional costs for training or report configuration which you should compare for different suppliers.

Smart Insights has a comprehensive analysis of more than 25 tools at http://bit.ly/smartlistening.

Define Approach for Responding to Brand Mentions

An obvious follow-on from social listening is responding; if you are listening and alert to customers' feedback, responding is a fundamental output in ensuring you are active and respected by your audience.

This could be responding to negative feedback or participating in active conversations.

Digital Marketing Excellence

How Dell responds to social media marketing mentions

Dell has created a process which, aligned to their brand guidelines, allows them to manage their social media presence as shown in Figure 5.9.

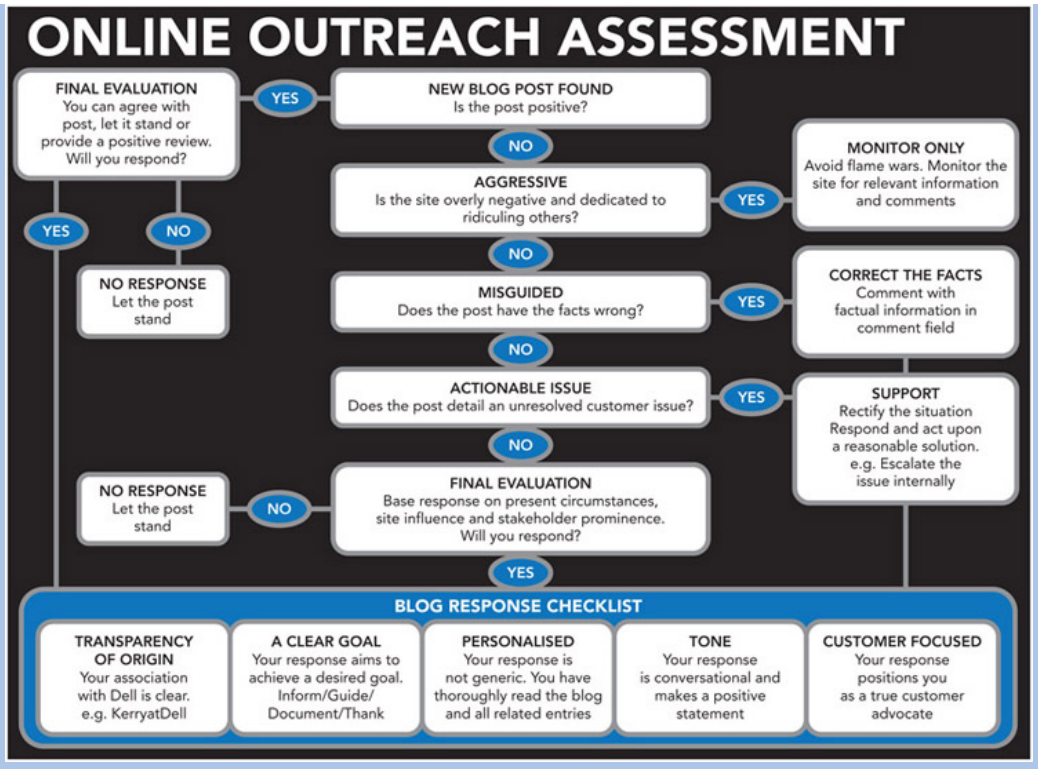
ONLINE OUTREACH ASSESSMENT
FINAL EVALUATION
You can agree with post, let it stand or provide a positive review. Will you respond?
YES
NO
NO RESPONSE
Let the post stand
NEW BLOG POST FOUND
Is the post positive?
YES
NO
AGGRESSIVE
Is the site overly negative and dedicated to ridiculing others?
YES
MONITOR ONLY
Avoid flame wars. Monitor the site for relevant information and comments
NO
MISGUIDED
Does the post have the facts wrong?
YES
CORRECT THE FACTS
Comment with factual information in comment field
NO
ACTIONABLE ISSUE
Does the post detail an unresolved customer issue?
YES
SUPPORT
Rectify the situation Respond and act upon a reasonable solution. e.g. Escalate the issue internally
NO
FINAL EVALUATION
Base response on present circumstances, site influence and stakeholder prominence. Will you respond?
NO
NO RESPONSE
Let the post stand
YES
BLOG RESPONSE CHECKLIST
TRANSPARENCY OF ORIGIN
Your association with Dell is clear. e.g. KerryatDell
A CLEAR GOAL
Your response aims to achieve a desired goal. Inform/Guide/ Document/Thank
PERSONALISED
Your response is not generic. You have thoroughly read the blog and all related entries
TONE
Your response is conversational and makes a positive statement
CUSTOMER FOCUSED
Your response positions you as a true customer advocate

Figure 5.9 Social media governance process from Dell

Source: Presented by Kerry Bridge of Dell at an E-consultancy Masterclass (2009)

Building on these flow diagrams and aligning them to your brand guidelines is a key element both in becoming an active brand in social media, but also in empowering members of the business to be active on behalf of the brand.

Section Summary 5.4

Social listening is valuable not only to find negative mentions which may need to be responded to, but for finding potential influencers or media partners with whom you can work to 'spread your word'. There are many different types of tools for social media monitoring. The more expensive tools have features to enable filtering and follow-up on mentions.

5.5 Develop the content marketing and engagement strategy for your brand

You often hear the saying 'we need a social media strategy', but to make the most of social media requires broader questions to be asked. For example, a customer engagement or communications strategy or content strategy is really part of a social media strategy. We believe you need to answer how you plan to engage customers with content as a core part of your social strategy. In addition to the Ladder of Engagement (see Chapter 3, Section 3.10), using this approach gives a broader perspective, looking at how you engage customers across channels.

If we start with a definition of content marketing, you'll immediately see how important it is to social media.

We introduced content marketing in Chapter 1; in this chapter, we'll get Joe Pulizzi of the Content Marketing Institute to recommend how it is tackled.

Digital Marketing Insight

Joe Pulizzi on content marketing

Joe describes content as: 'How a brand creates, delivers and governs original or curated content to attract and retain customers, positioning the brand as a credible expert and, ultimately, motivating a change in behaviour.'

Some of the key marketing principles that Joe Pulizzi espouses (Pulizzi and Barrett, 2010) are:

1. *Content must have intrinsic value.* Content is a key part of your online value proposition. You must define its relevance to customers – help them live their lives, do their work better.
2. *Understand what content customers value.* You need to do the research to understand the value.
3. *Content marketing strategy may completely or partially replace traditional advertising and marketing.* You need to prove the relative importance of content marketing within your budget, for your market.
4. *Get your customers to participate.* Yes, interaction is the name of the game online – don't just push, engage and share: comments, polls and surveys all help.
5. *Make it easy to buy.* Content must fit with your ultimate goal in investing in content.

Here are the key questions to ask, based on Joe Pulizzi's book *Get Content, Get Customers* (Pulizzi and Barrett, 2010), to help you develop a purpose for your content:

- *What do our buyers really need to know about our products, about information and anything relevant to what we have to offer?* There's what you want to say (or sell) and what the audience are looking for to make a decision.
- *What's the intersection between our expertise around the products or services and the information or entertainment needs of our consumer?* Map them to reveal the sweet spots.
- *How does what they need to know align with our unique expertise to create the best content?* What are the priority areas where there's a really great fit?
- *How do we position content for maximum impact and what media types will be most relevant?* Think back to personality and being authentic in how you communicate; it has to be natural too.

- *What will provide our consumers with most benefit personally or professionally?* Your aim is to add maximum value.

We think it's interesting that to answer these questions satisfactorily requires varied types of quality content which support product purchase decisions, customer service and customer engagement. So let's now take a look at the content.

Today, content is an integral part of many brands, so identifying the sweet spot for content to engage your audience and add value for them is crucial. Dan Bosomworth of Smart Insights recommends that you start by answering these questions (Chaffey and Bosomworth, 2012):

- *Do we have an overriding purpose for our content to deliver commercial goals through delivering relevance for the audience?*
- *How do we differentiate from the bland pack by having a perspective, a position, or if appropriate, a real attitude?*
- *Can we develop a personality that can shine through our online content, but really irrespective of the media?* This one is a key opportunity to engage your audience to comment and share your content. A great reference is Rohit Bhargava's site and book (2008) *Personality Not Included* (www.personalitynotincluded.com).

Creating Personas for Content Marketing

Experts increasingly emphasize the importance of knowing who your consumers are in order to increase the relevance of products. The concept also applies well to understanding customer content needs, and can be used to assess the relevance of content to different audiences.

We have covered the value and process of creating personas in Chapter 4.

To develop a content plan, you have to go back to basics, asking what content is used now by you and your competitors and for what purpose. You can then go on to look at particular formats and topics.

Auditing your current content and its effectiveness is the starting point on the journey to making content more effective, and it can also be crucial to prove to senior managers the value of investment so far in content marketing.

If your audience has a particular set of problems or issues and it is clear from the content gap research that your product or service can address it, then you'll want to focus there. Maybe there are immediately clear opportunities to help your product or service become more buyable, assuming your current content does not meet those needs already. It's a not so simple case of listing those priorities for the audience against the content you already have that is either missing from the site, or is available but is not being used well enough. Perhaps you have content, but in the wrong media format; maybe it's not findable on the site or just isn't resonating with your audience at all in communications terms.

Content Types (Formats) to Fuel Content Campfires

Content formats vary and it's dependent on your story and the position that you want to take, and of course how your target market would find it easiest to consume, as to what can work for your brand. Logically, it's best to have content in a range of formats which work for different audiences. The key really is to be efficient with the media chosen and start with tangible and useful topics that your audience can understand.

Rather than simply re-posting content across several platforms, recreate fresh, supplemental content that answers questions and/or spurs discussion on a topic or idea in new ways. In her book *Content Rules*, Anne Handley

(Handley and Chapman, 2010) talks about 'content campfires'. Social media commentator Chris Brogan also uses this analogy and it's useful in visualizing the challenge. You layer on the *twigs, sticks and logs only when the fire is burning on tinder*. It's a useful metaphor to keep in mind when planning.

To get you thinking, here are some of the major content formats that we'd recommend that you can feature and seed within your social media marketing. Check them for relevance. Each can be used for consumer or business audiences, but some work better for B2B:

- Video – recorded and edited video including animated or explainer videos
- E-books or shorter guides including article content (web page, or short documents) and white papers
- Podcast and audio shared for iPod or MP3 player consumption. Think about the audio from videos for MP3 consumption as well as turning the audio to transcripts
- Webinars which can be recorded and streamed media
- Infographics – a flexible, shareable way to tell a brand story or explain a concept
- Q&As and FAQs.

Suitable formats to consider, with examples you can learn from within the digital marketing content area, are:

- Short-form news updates or opinion pieces (www.clickz.com, www.sethgodin.com)
- Long-form blog posts giving 'expert' guidance (www.viperchill.com, www.kaushik.net)
- Video blog posts (www.bannerblog.com.au, www.garyvaynerchuk.com)
- Image posts with statistics (www.wearesocial.net)
- Infographics (www.kissmetrics.com)

- Compilations aggregating other sites' content as a useful summary of statistics or tools
- (www.wearesocial.net, www.smartinsights.com)
- E-books, white papers and guides (www.hubspot.com, www.marketo.com)
- Podcasts (www.boagworld.com)
- Surveys and polls (www.econsultancy.com, www.smartinsights.com)
- Questions and answers (www.linkedin.com).

Content Seeding and Outreach

Creating the content assets is only one crucial part of social media marketing. The process of outreach and seeding to share these assets is an equally important aspect, but is perhaps less easy to control, so it is often useful to outsource this activity. In Chapter 7, we look at the example of Renault, which uses blogger relations to increase the reach of its social media campaigns. Later in this chapter, we see how Nokia uses its Nokia Connects blog to update its advocates. Seeding social media content like video and infographics to journalists of traditional publications is still important, particularly since the online sites of many publications now publish these types of assets.

Section Summary 5.5

A content strategy defines the types of content assets you need to develop to engage your target audiences through the customer lifecycle. Examples of content types include info-graphics, white papers or guides, videos or image galleries.

5.6 Define social media communications strategy

You *can* use an ad hoc, reactive approach to communicating through social media. You will certainly get the benefits of interaction and sharing, but with more control on your approach, opportunities for interaction and sharing your brand assets more widely will be greater.

Smart Insights (Chaffey and Bosomworth, 2012) recommends that to gain this extra control, you structure your social media communications strategy around the areas of the PRACE framework of the customer lifecycle. Tackling it this way will help you keep your focus on the activities that matter:

1. *Plan*. Management of social media marketing, including reputation management and defining a content strategy.
2. *Reach*. How to increase the reach of your content as it is shared.
3. *Act*. Encouraging interaction and participation within your own blogs and sites and within social outposts.
4. *Convert*. The key question – how to make the transition from customer brand engagement with social media to generating more leads and sales.
5. *Engage*. Ongoing communications with consumers.

We will now review each of these activities in more detail.

1. Plan – Creating a Social Media Communications Strategy

We think that some form of communications strategy is needed to use this content within social networks. Many larger companies will already have customer communications guidelines, so you can expand upon these to include more within social media communications. We recommend you ask, and answer, these questions to check you have a sound plan:

Question 1: Is our social media communications plan integrated into a broader communications plan?

A communications strategy will be very familiar to marketers. One key difference with social media marketing is that you will be communicating much more frequently than with traditional press releases or e-newsletters, so you will have to source more content and develop an efficient publishing process that maintains quality, but isn't too much of a time sink.

Facebook have developed sample 'conversation calendars' for marketers that show the need for more frequent communication.

Question 2: What is a realistic content update frequency?

Let's start with frequency, since once you have decided on this, you can then think of the types of content to support this, but you may prefer to start with content types.

Deciding the frequency of content updates on your social media hub is a difficult challenge. You will decide the right frequency based on a balance of what your audience needs and expects; what you need to meet your objectives; and what's practical with the writing resources you have.

You shouldn't fall into the trap of feeling you should try to publish new content in lots of different formats every single day, but it is important to publish on a regular and ongoing basis in relevant formats and with consistent types of content.

Digital Marketing Insight

How much content is sufficient?

Here are a sample of different strategies for content frequency update for your hub. Which of these will work best for you? It will depend a lot on your market:

- *Multiple content updates per day*. Typical for a news organization with many channels and many writers. It's also likely to be needed for a clothing retailer making constant changes to its collection and promotions. You will likely need a separate editorial team to create this.
- *One or two content updates per day*. This is the sweet spot for many organizations with a blog in a market which is dynamic – a retailer offering technology products, for example. It's also the right frequency for communicating through social media – it will keep your followers/fans interested. Of course, your updates can provide additional comments, dialogue and links to others' content. Creating content at this frequency can help provide sufficient content for a weekly e-newsletter. A single dedicated blogger putting part of their time into blogging can maintain this frequency.
- *One or two content updates per week*. This frequency may be right for you if you are posting occasionally to social media, but it's not a primary channel for you. It's also likely to be the right frequency if you have a monthly e-newsletter since it will help you develop sufficient content for this.
- *One or two content updates per month*. This frequency may be better for smaller companies with limited resources or in a niche that doesn't warrant so many updates, perhaps because repeat

customer purchases are less common – financial services or will writing, for example!

A good example of the tactic of fewer quality updates is the Viperchill blog (www.viperchill.com), where the author, Glen Allsopp, just published one or two very detailed posts every month. Avinash Kaushik (www.kaushik.net) uses a similar approach on his blog about web analytics and has built up a passionate following.

If you adopt one of the shorter frequencies, remember that there is less potential for your content to be amplified. Higher frequencies tend to be best for growth of reach. However, there is a maximum frequency. Research by Dan Zarrella (www.danzarrella.com) shows that the optimum content frequency for Facebook seems to be about once per day.

Question 3: Content value: types, formats and proposition defined?

There is a tendency to get stuck in the rut of one format, but this works well for some, who become known for the format such as long-form or video blogs. But it can limit the appeal of the publisher. For example ClickZ tends to focus on short, limited-length posts. The Digital Buzz Blog just publishes case studies. These will engage, and it's useful to have a format you're known for, but it may not appeal to a range of audiences, so could limit your reach.

Great content solves problems for your audience, largely so they can make a decision about something (*you probably want the decision to be related to future purchase of something from you, at some point*). This should be self-evident from a visit to your hub or reading your content, but to drive people to the hub from elsewhere on the web or offline, it helps if you have well-

thought-through messaging, explaining how the content will help solve problems.

Question 4: Do we have an editorial calendar and process to manage content formally, including integration between media?

An editorial calendar helps both to develop the right types of content and schedules for content production. Without an effective editorial calendar and a person to control it, content quality will definitely suffer.

Often, editors and writers are more interested in writing than in social media marketing and search keywords, so make sure that at least some of the content is targeting the keyphrases and types of searches that customers make.

Question 5: Do we have a content hub platform in place to manage publication and syndication of the content selected?

What do we mean by a hub? Essentially it's a place around which you can grow a network of interested individuals, *a place where interaction or engagement with your content and your brand can take place.* This interaction will happen because of the quality of your content marketing.

Think of the hub as the home for your content, a place for feedback and dialogue and the connector to a number of outposts where your brand is present (Facebook, SlideShare, etc.) and being shared and discussed. You can increasingly use a social network like Facebook as the place to build your hub, but Facebook is not an asset you can truly own in terms of features and functions, so that is risky (you never know!). Facebook also remains external to your main brand presence, so we'd suggest that a hub is the bridge

between your commercial or main web site and external outposts like Facebook.

At the physical level of a site, the content hub can be:

- A blog – effectively the home page
- A customer magazine
- Your online news section
- A resource centre.

Does the label matter? Yes, it will vary by audience; so often in B2B, 'blog' or 'news' is the best approach, whereas consumers may not be so familiar with 'blog', so a 'magazine' may be the best label. A good example is www.asdamagazine.com; this uses the WordPress blog platform, but is positioned as a magazine.

Question 6: Have we defined internal resource to create and manage content and discussions in place?

We have separately identified internal and external resourcing, since we don't believe content creation for your social hub is a task you can completely outsource. You will have to decide which of the tasks are managed externally. In a small company, all tasks would typically be internal. Tasks to consider include:

- Define communications strategy – define content frequency, types and formats
- Define editorial calendar
- Create content – write copy, record videos, create infographics
- Review content
- Publish content on content hub
- Publish and syndicate content to other outposts
- Manage hardware platform

- Review results to improve performance
- Mark the ones that you think should be internal or external for you.

Question 7: Have we reviewed our options for external sourcing of content?

You will see that some of the content types above involve the creation of original content, and some are adding value or curating existing content by summarizing and/or aggregating it. Finding the internal resource for creating content is often a challenge. You may have experts who can contribute, but encouraging them to write in can be difficult.

Question 8: How is content syndication to other platforms managed?

This will be a combination of automation and manual interactions.

Smart Insights (Chaffey and Bosomworth, 2012) recommends that when new content is created, it can be automatically syndicated to the different social channels using the tools shown in Figure 5.10.

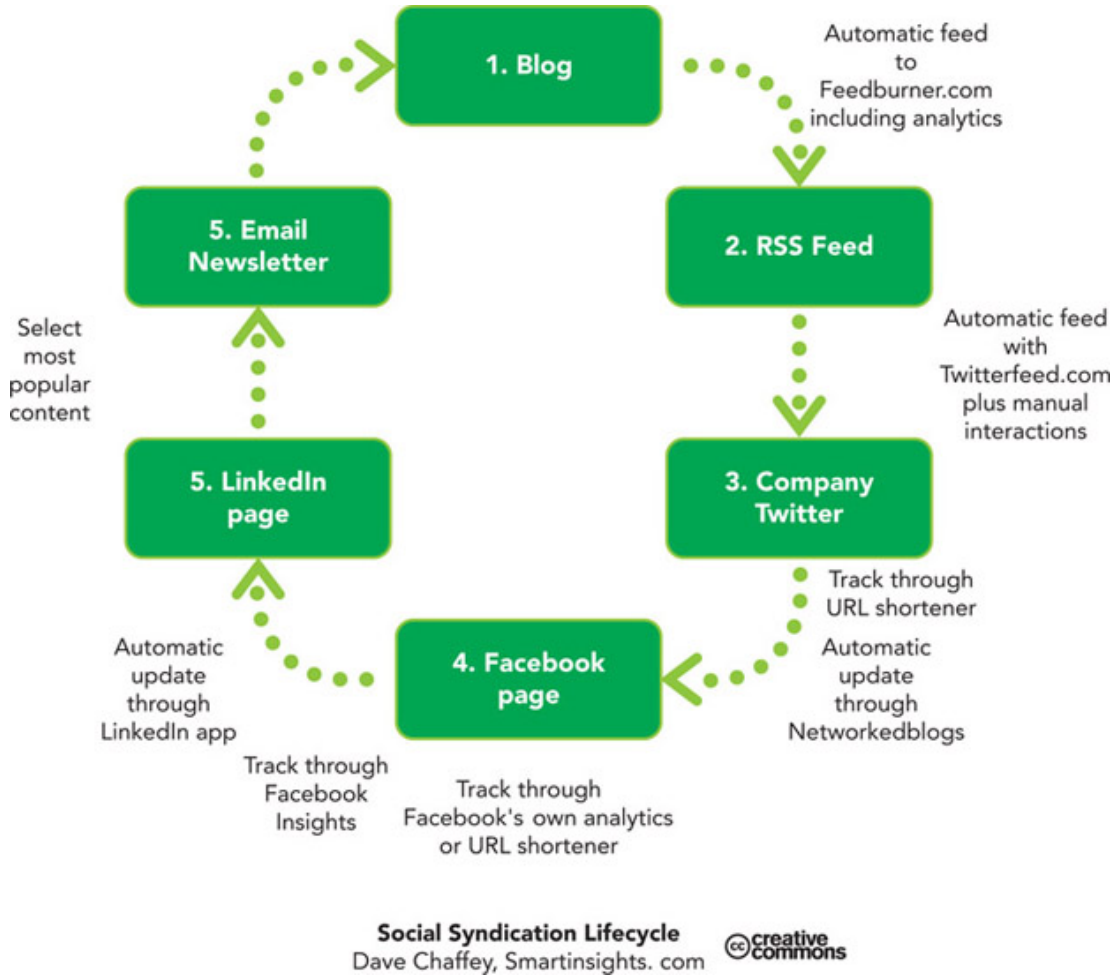
1. Blog
Automatic feed to Feedburner.com including analytics
2. RSS Feed
Automatic feed with Twitterfeed.com plus manual interactions
3. Company Twitter
Track through URL shortener
Automatic update through Networkedblogs
4. Facebook page
Track through Facebook's own analytics or URL shortener
Track through Facebook Insights
Automatic update through LinkedIn app
5. LinkedIn page
Select most popular content
5. Email Newsletter
Social Syndication Lifecycle
Dave Chaffey, Smartinsights. com
creative commons

Figure 5.10 Content syndication hub

Although we're advocating saving time here by syndicating, we need to be careful not just to push or SHOUT – the beauty of social media is that it's a two-way street enabling conversations and dialogue. So manual interactions with each of the social networks to ask and answer questions is also recommended, as we've said before.

Question 9: How is outreach to other sites and influencers managed?

There's a tendency to put the bulk of your personal time and the bulk of your budget and resource into your site, but reaching outwards is more

important and more challenging.

We stressed the importance of seeding your content in Section 5.5; here, we'll go into more detail on this key part of your social media strategy. Great content will spread naturally, but it will reach more people through putting in the time to identify key influencers.

Seeding works best if you put resources into managing and communicating with your key influencers. But influencers will vary in importance and value, so as with working with other partners like affiliates, it's important to segment your influencers and lavish more attention on the most significant ones.

As an example of this need to prioritize, Nokia Connects is run by the Digital and Social Media division within Nokia with support from a specialist agency to create content and seed updates about new content and devices.

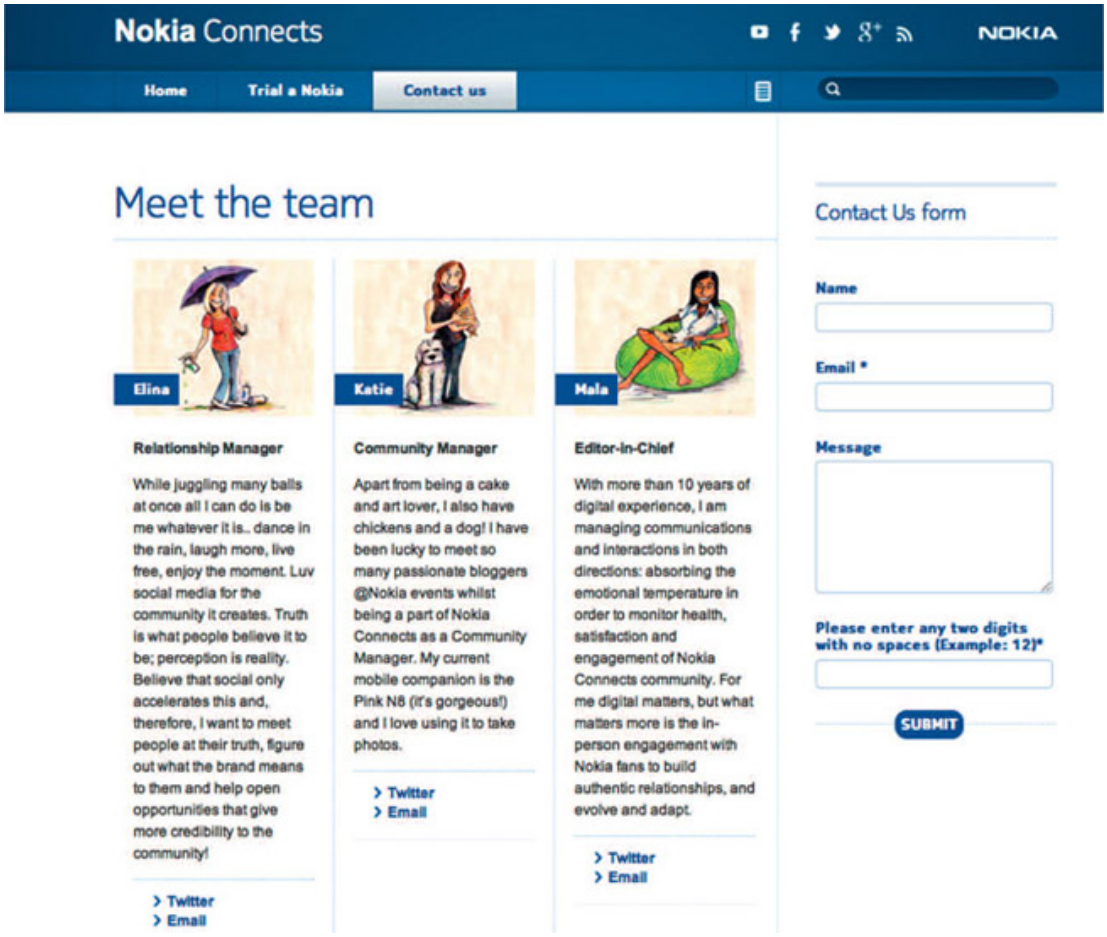
Nokia Connects
NOKIA
Home
Trial a Nokia
Contact us
Meet the team
Elina
Relationship Manager
While juggling many balls at once all I can do is be me whatever it is.. dance in the rain, laugh more, live free, enjoy the moment. Luv social media for the community it creates. Truth is what people believe it to be; perception is reality. Believe that social only accelerates this and, therefore, I want to meet people at their truth, figure out what the brand means to them and help open opportunities that give more credibility to the community!
> Twitter
> Email
Katie
Community Manager
Apart from being a cake and art lover, I also have chickens and a dog! I have been lucky to meet so many passionate bloggers @Nokia events whilst being a part of Nokia Connects as a Community Manager. My current mobile companion is the Pink N8 (it's gorgeous!) and I love using it to take photos.
> Twitter
> Email
Mala
Editor-in-Chief
With more than 10 years of digital experience, I am managing communications and interactions in both directions: absorbing the emotional temperature in order to monitor health, satisfaction and engagement of Nokia Connects community. For me digital matters, but what matters more is the in-person engagement with Nokia fans to build authentic relationships, and evolve and adapt.
> Twitter
> Email
Contact Us form
Name
Email *
Message
Please enter any two digits with no spaces (Example: 12)*
SUBMIT

Figure 5.11 Nokia Connects for Nokia advocates

Source: www.nokiaconnects.com

Digital Marketing Insight

Five steps to an influencer strategy according to Dan Bosomworth

In Chaffey and Bosomworth (2012), Dan Bosomworth makes these five recommendations to build an influencer strategy:

1. *Identify your influencers.* The most important influencers depend on a combination of popularity and expertise (perceived or real).

2. *What's in it 'for me'*. Consider your current relationship with your influencer; are they inactive or already an ambassador? Armed with this information, consider a means to engage and increase the influencer's involvement with you and value to you.
3. *Set goals and listen.* Work out what you are trying to achieve (traffic, word of mouth, product launch, better conversion). Before defining the right influencers to work with and how best to engage them, you need to be clear on the ambitions of your influencer programme.
4. *Develop relationships.* The most important part. Find out where your advocates congregate and open a dialogue. This takes time and persistence to get on the radar – be sure to consistently participate and offer information and insights that add value to the conversation. Read their discussion threads, blog posts and any other information you can lay your hands on. What are they saying, how they are saying it and why? What are their interests and motivations? You want to appear human and accessible to any customer you encounter online, step it up for the influencers that matter. Send them products, pitch ideas and ask for their opinions. Leave comments on blog posts. Send @ replies on Twitter. 'Like' a status update on Facebook. Again, focus on the primary influencers – the ones that get you traction – and remember that for each influencer, you need to choose the right way to start building a relationship. It might be best to engage them in their spaces – e.g. responding to their blog posts. Alternatively, you may want to contact them offline to arrange face-to-face meetings.
5. *Avoid self-promotion or direct marketing.* Some influencers are ready and willing to further your cause and are happy to agree to a commercial arrangement to achieve this. Others eschew all commercial influence. If you are uncertain of which category someone fits into, take care in your first interactions. If they have a relationship with you that is already built on trust and respect, and you don't try to sell to them, but rather offer products,

information and insight for their consumption, they're more likely to value what you give to them and share it with their own audiences, particularly if they believe your product or business can benefit their audiences.

Question 10: Communication through advertising, PR and email marketing of social media/community proposition/content proposition to existing customers and prospects?

This final planning issue is arguably the easiest to manage. It's about clarity and consistency of messaging to present your brand in a favourable, shareable way through social media. You should:

- *Demonstrate uniqueness.* It must be your story, something that no one else could tell. Work your story to create a distinct 'voice' and point of view – your personality is your differentiator. Don't aim to be the same, since you are then a part of the noise. Think about what your ideal product story sounds like – the components that make it a good story for your business; then figure out how you build on that. Stand for something, polarize the market and above all, be honest and genuine. People buy that.
- *Keep it relevant.* Relate back to your audience, their perspective, what they talk about, and what they're anxious about. Address those concerns by demonstrating that you 'get it'. Tell stories of ways your products relieved customer anxieties and demonstrate social proof where you can.
- *Demonstrate value.* Incorporate specifics to make your story credible and believable. Discuss results and benefits that are directly relevant to your target audience's needs.

- *Make it memorable.* Connect with the target audience on an emotional level. Be remarkable, inspiring even. Create something that is easy and fun to gossip about and, importantly, shareable. Remarkable can be as simple as changing to a video blog for valuable expert interviews once each month; it can be that you're co-creating content with a non-conflicting super-brand or celebrity, who knows.
- *Incorporate your brand.* Be sure to build on top of your brand tone of voice; brand is a bit vague, so specifically: your core promise, expectation, personality and how you aim to make people feel – the bit they have the relationship with.
- *Be human. The Cluetrain Manifesto* (Levine *et al.*, 2000) stated this over ten years ago. We're all human, so be that way. Be a little controversial, polarize the market, avoid jargon, break a few rules. You are also serving and solving problems in order to sell, so become a reliable and valuable resource. Of course, you have to be appropriate for your own audience, just push the boundaries – write differently, since words matter.

Well, these are the key questions to ask to help plan your social media strategy and its implementation. Next we look at specific approaches to engage customers through the PRACE customer engagement lifecycle.

2. Reach

With *planning* covered, look next at specific techniques you can use to reach new audiences through social media in a planned, structured way.

Technique 1: Target the most relevant audience segments

Your audience demographic, all the people that you could market to, varies in its importance in two key ways:

- *Commercial relevance*. Is it likely buyers whom the content will drive closer to purchase?
- *Amplification relevance*. Is it likely your content is going to motivate them to either share and amplify your brand, or drive them further towards purchase?

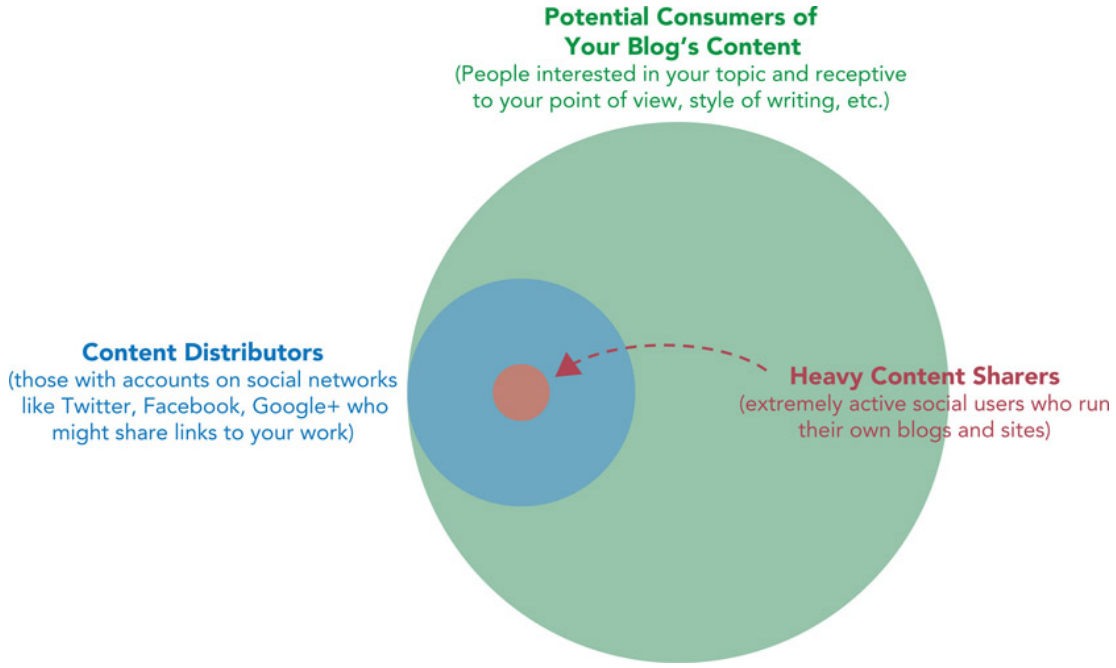
Potential Consumers of
Your Blog's Content
(People interested in your topic and receptive to your point of view, style of writing, etc.)
Content Distributors
(those with accounts on social networks like Twitter, Facebook, Google+ who might share links to your work)
Heavy Content Sharers
(extremely active social users who run their own blogs and sites)

Figure 5.12 A summary of the influence and activity of different blog audiences

Source: SEOmoz (Fishkin, 2012)

Figure 5.12 by Rand Fishkin of SEOmoz (now Moz) shows this simple concept well.

Though you can try to appeal to lots of people, the reality of time and resources is that focusing on the audience most likely to amplify your message for you will probably give the best return on time and effort. How you do this is your influencer strategy, as outlined in the Digital Marketing Insights box above.

Technique 2: Fish where the fish are

This is one of our favourite social media expressions, although it's been used in areas as diverse as advertising, PR and direct marketing in the past.

Your core audience segments will differ from the masses, as will those influencers with the largest propensity to share – this means they're easier to connect with than you might think. You probably already know a few blogs, forums, web sites and/or social communities where discussions and content are being posted on your topic (and if you don't, a Google search will take much guesswork away). Take a targeted approach to finding your next customer, fish where the fish are.

An obvious free tool to help is the DoubleClick Ad Planner (see the web links at the end of the chapter).

When you do get involved in these marketing outposts, remember, of course, to add real value and be a good web marketer. That way you'll be rewarded with trust and, ultimately, traffic. Spamming, trolling and aimless *'link-dropping'* will get you the boot, or worse, a bad reputation in a space where you want to build respect.

Technique 3: Listen up and leverage data

Think about the intelligence or insight that you can gather by collecting information that shows customer concerns in a market from multiple angles such as those key influencers, the topics that garner most traction – and why.

Social listening software is too powerful to mildly observe, make sure you follow up on new opportunities to grow your influence. This means doing social media keyword analysis as we described in the section on listening, so you find the conversations in blogs and forums that relate to your market.

Technique 4: Get involved in conversations the right way

When participating on blogs and forums, understand the language and terms that your audience uses. You need to keep your natural brand tone of voice, but moderate it, within reason, to be consistent with your audience.

Technique 5: Create relevant, rich content

This is creating and seeding quality content. Generally, people like short, snappy and consumable content that teaches, entertains, inspires – otherwise why are campaigns that entertain (Lynx, Old Spice, Tippex, etc.) so popular? – or that are informative infographics on particular topics.

Relevant entertainment and information are your opportunity, not just creating any content. Get under the skin of what will inspire your audience demographics to re-share your content. Don't create great content for everyone, create it for the right someone.

Technique 6: Participate to share ideas and content with your audience and peers

This sounds obvious – so where and how might you participate? Perhaps take a look back at the social media marketing radar (Figure 5.1) and then find the most relevant platforms for you.

Here are some more ideas:

- *Guest blog or re-share content.* Find related and influential sites (or site owners) and connect with them. Focus your efforts though, only go right for the most relevant blogs. Make sure you approach with ideas and a great example that's ready to publish – make it easier to get a yes.

- *Comment in others' blogs.* As above, choose carefully where you invest that time. Have a consistent name, picture and profile – we recommend setting this up in Disqus (www.disqus.com) which is the default standard across many blogs, in order to build your brand reputation more effectively. You can find top bloggers in Google's blog search, for example, as well as Follower Wonk (www.followerwonk.com).
- *Social sharing through Reddit and StumbleUpon.* The golden rule is to add value, share what you like as well – your own content should not be the majority of what is shared. So don't spam with links – work hard to be relevant and leverage your great content to best effect.
- *Use Q&A sites.* These are gold so far as rich interactions go around things people want to learn. How can you position your content to make it genuinely useful and in turn ensure strategic opportunities, and so links, back to your web site? Examples include LinkedIn Q&A, Answers.com, Quora, Yahoo! Answers and Beepl.com.

Remember that the web is alive and driven by linking. So don't be afraid to always link back to great sources of information that you're referencing as well as your own content. The benefits are, of course, twofold – you drive traffic via the link as well as tell Google how important that content is if it's a followed link.

Technique 7: Promote through thinking guerrilla

Don't be averse to learning how competitors are getting their reach, campaigns, creative and links. Understand what works and deconstruct the success of others as best you can, using tools like Radian6 and Majestic SEO. If an influencer is participating in helping a competitor in some way, then in the spirit of offering choice to their reader or follower base, they're very likely going to be interested in helping you.

Promote yourself (and your content) at every opportunity, without being annoying. Success in social, content and search engine marketing is especially born from sustained effort in the right areas. Rome was certainly not built in a day; you have to earn your way into the market. Use content that best fits what you want to promote and what the user in those networks wants to learn about. Find this sweet spot.

Technique 8: Combining email and social media marketing

It's often the case that the audience you have built as email subscribers is larger than your social media audience. So if you get the basic *critical* factors of email marketing right, you can encourage your audience to share more through social media and so boost your overall audience. Giving a great incentive or reason to share is key. Examples of email activity that can support your social media marketing include:

- Promotional emails supporting campaigns using a social network as the hub
- Customer review and testimonial emails, or more broadly, encouraging feedback about your brand and how it is experienced using these types of tools
- Recommendations to share with your network within the email.

3. Act (Encourage Interactions)

In this section, we look at specific communications techniques to encourage interaction on your web sites or social outposts. You can think of Act in the context of the Forrester Social Technographics Ladder (Figure 5.5), where you are encouraging those that are watching or 'lurking' to interact by contributing, getting involved.

Think of these interactions as a means of:

- *Starting a dialogue on your site* – eventually giving rise to a user registration, sales lead or transaction
- *Generating user-generated content* – this can boost conversion through social proof and help with SEO
- *Encouraging the sharing of your brand* – in the form of content, in the social networks
- *Sparking interactions between people* – facilitating the discussion
- *Supporting buyer decision making* – the site visitor learns or realizes something of value, something inspiring, ideally.

Apply these practical tips to help increase participation and sharing amongst those visitors who haven't already interacted:

- *Engagement devices.* There is a tendency for calls-to-action to focus on generating leads and sales. But softer calls-to-action, encouraging interaction, have their place too. In the social world, these devices should encourage participants to share their results with others. For example, LinkedIn uses its Maps application to encourage interaction and sharing. Devices will include a lot of the ideas you developed through your content strategy.
- *Blog interactions.* A simple way to gain interaction. Assuming your blog has relevant and interesting content, this is all about frequency and being topical – manage this process well, have a publication schedule to help you keep on-brand, on-topic and on-time. Insert actions; for example, polls to be taken. Encourage comments within the post, ask for feedback and link to other pages on your site and forum pages, etc. Ensure every post is designed to do something.
- *Gamification.* To engage consumers, social gaming can be a great way to encourage interaction and therefore reach. The Wildfire Promotion Builder shows the types of engaging promotions that can be created in the social networks such as Sweepstakes, UGC content, coupons, Pick

Your Favourites, Trivia and Quizzes, Instant Wins and Voting around topics.

- *Growing your communities*. Today, you will have several communities on your preferred social networks or a community integrated into your site. Think about how you use messaging on the site and within email to encourage these.
- *Social network sharing page*. Make it easy for web site visitors to find your social networks through promotional panels that give a feel for the benefits of joining your community. All social networks provide widgets you can embed on your web site to do this. Additionally, you may have a page devoted to social networks that you feature in your main navigation. It's surprisingly rare, although Dell has used this approach for a long time.
- *Social sharing buttons*. These are a straightforward feature to encourage sharing, most effective on a blog and home pages, but also for product pages where they are closely related to …
- *Social network integration*. Integrating commenting on other networks into your site is becoming more popular through *social sign-on* through the Facebook API and tools such as Gigya and Janrain. These are independent tech web services that act as an intermediary between your domain and multiple social networks. Sears has created an impressive social commerce integration that you can read about in our post 'why social sign-on matters'' (Chaffey, 2011a).
- *Product reviews and ratings*. Another forum for social commerce. The popularity of TripAdvisor, Amazon reviews and retail site Reevoo show how we love to give our opinion. This form of user-generated content is fantastic in terms of assisting conversion and contributing to SEO, so it's a must-have for retail sites. Think about how you encourage and share comments. We think the Firebox product review page is a great example – they offer spot prizes for 'amazing' contributions and all comments are in Facebook to encourage amplification.
- *Encouraging commenting*. More general UGC comments can be encouraged on blogs, social network pages or other places throughout a

site. But you need to work to encourage it. It's also important to respond to comments to encourage more comments. Make sure you have someone with time available to moderate and keep the discussion going.

- *E-newsletters and other email offers.* We know many consumers and businesspeople alike will subscribe to email if it offers unique value or convenience to them. Email is a great way of encouraging participation in many of the types of site or social network engagement we've described above. Make sure you make the most of email contact to encourage social interactions.

4. Convert

How can social media actually drive sales? This is a key question since we know social media can encourage interactions, but how do we encourage sales? Here are our recommendations:

1. Define the leads you're looking for

- *Create buyer personas.* These were around long before social media; direct marketers have long since found that having a good picture in mind of the target customer is beneficial in terms of how we write our content to connect with our audience. Apply that to blog marketing, for example, and you can have multiple categories of content topics and so you may find that certain categories speak more to certain personas than others. And certain Facebook and Twitter updates may appeal to certain types of user. Regardless of how you segment these groups, it's incredibly beneficial to share target persona information with whoever is developing content for your social media channels.
- *Be useful.* Kristina Halvorson (2010) and Joe Pulizzi (Pulizzi and Barrett, 2010), both say that if our content isn't supporting the successful

fulfilment of our business objectives and your users' goals, then it's a waste of time. 'Focus on the intersection between the two', recommends Joe. Kristina suggests adding two columns to a content inventory: value to user and value to business.

2. Your blog or 'social hub' is key to generating leads

- *Prioritize subscription.* An email subscription is step one in lead generation, yet is often overlooked in lieu of offering a blog RSS feed. RSS is fine, but it'll do next to nothing for helping you gain permission marketing. Email subscription must be front and centre, with the benefits clearly explained – what would the user receive via email? A weekly or monthly round-up of your best content with the latest offers?
- *Clear calls-to-action.* Every blog post should include a relevant call-to-action that is related to what the post is about. It could be that you want to deepen engagement with subscribers and step them towards engaging with your products or services in a softer way – a webinar, for example – and/or ensure that there's clear information about how to buy, the next steps for those that are interested. If you don't ask, you don't get. Ensure that you've optimized landing pages from the email so that you can appreciate the user's journey with appropriate messaging.
- *Use ad space.* A common tactic with big publishers is to have formal ad containers in blogs and emails and then define the value of engaging with them. This supports the call-to-action and you're not sending mixed messages by virtue of using a well-established protocol of driving sales leads from content interest.
- *Test JavaScript pop-ups/lightbox subscriptions.* Although many don't like the intrusion, there's so much evidence to say it works and so is worth testing. Emotionally, many of us will feel that it's the interruptive hard sell that damages user experience and it's not worth it (I'd agree). But the fact is that if conversion increases can be believed, it

may be worth trying – if you do, let us know! Please do, though, include rules in the session cookies so that users aren't repeatedly bombarded once they've said 'No', and keep the communications clear and fun.

3. Have great, shareable landing pages

- *Respect the process.* It's important to have landing pages showcasing your shareable content, marketing 'objects' that are dedicated to converting visitor to lead, not sale; and in turn, lead to sale. Here, the communications are totally different. You're focusing on a part of the process at any one time, not all of it.
- *Keep focus.* When thinking about lead conversion, keep the communications on a landing page short and focused; don't capture data because you can – data capture can be based on what will improve the relevance and quality of any future communications. You're data capturing for permission at this stage, not sale.
- *Test it.* A landing page is a key part of the conversion process and it's shocking how the art of button sizes, colours, images and messaging impact on a click conversion – don't underestimate it. Apply tools like Google Website Optimizer to test different versions of the page and its elements.

4. Clear brand messages and tone of voice

- *Purpose.* Retaining that clarity on your brand's compelling purpose is a fundamental. I say this since it's easy to get all 'ad-men' about the promotional side of what you offer. The truth is that, via social media especially, you also need to be clear why your brand exists, what value it adds and then demonstrate that in your content, assets, web services and social interactions. Inspire commitment from a user to become a

lead in the truest sense even when just creating a blog post, just as you would in your product or service.

- *Just be human.* The whole point of social media marketing is building relationships, it's not the sum total of the tools and tactics. Failure to just be 'regular people' is a killer. Companies like Zappos are famed for this very human way of interacting; real people at Zappos will interact with customers via the customer Twitter service. There's an old adage, 'people buy people'; I'd suggest social media leverages that as a huge opportunity.
- *Familiarity breeds likeability.* So many social media initiatives struggle because marketers are leveraging tactics rather than thinking about the customer experience. Brands create expectation by having a Facebook page – the consumer assumes you're actually awake and interested in conversing, naturally. So, respond at least, answer questions whilst your competitors are still asleep! Then, proactively start the discussion as resources and confidence grow.
- *Listen to conversations.* Monitor conversations about both your brand and competitors'. There are many social media listening tools that will help you keep a pulse on what's being talked about, and many will flag up potential sales leads for you. The more you know, the more responsive you can be and the more relevant your communications and content.
- *Develop a consistent brand attitude.* Guy Kawasaki's book, *Enchantment* (2012), talks a lot about having a positive, can-do attitude within social media. It sounds obvious, but if you've got one person loving their job and one not, then you're going to get 50 per cent success at best. Social media is people-based. Zappos talk about how they made it easy for poor staff to leave by paying them! This has to typify their extraordinary commitment to the power of people and their recognition that enthusiasm is contagious.

5. Ensure content breadth and depth

- *Offer variety*. People, stories, images, video, audio and words all help us think about ways to engage more fully beyond 'a blog post'. Those types of content can be expressed through a range of media including e-newsletters, blogs, white papers, articles on marketing, case studies, online tutorials and webinars. Use a good mix of content; not all users will read a case study or watch an online video. You'll increase your odds of being seen by more people by using a mix that makes sense to your market and audience.
- *Thought leadership*. Share your knowledge freely in blog posts and white papers. Some businesses are afraid they'll give away all of their secrets. Yet your knowledge remains a valuable asset; shared freely in a relevant format, it's also your key to permission and lead conversion. Giving information and knowledge freely now earns the permission to sell later. Worst case – those inspired fans or prospects become amplifiers for your communications.
- *Learn what content works*. Where the first step to engaging a community of potential customers is sharing content, a simple social media update won't cut it. Include links with your updates that expand on key ideas, most easily achieved on your blog. Keep in mind that your goal is to create value for your fans and followers. Learn what your audience responds to and then adjust your updates and content mix.

6. Findability and reach

- *Remember Google*. Your content and social media updates via your blog, Facebook page, tweets and YouTube channel appear in search results, too. The person searching is an active user looking for your knowledge and information to solve their problem. Market your content well to create the inbound effect that HubSpot is now famous for promoting. HubSpot provides some interesting recommendations: 'Businesses must produce enough content for their blog to kick off growth in leads,

which starts with about 24 to 51 posts.' HubSpot found that more indexed pages on Google also translate to more leads. They suggest that every 50 to 100 incremental indexed pages can mean double-digit lead growth. Also improve findability within your site by using signposts to highlight the main content.

- *Engage with influencers.* This is now the staple way to grow reach. Influencers will be a mix of journalists and bloggers specific to your market or niche. You don't have to be a big company to get picked up for a story – you do need to be findable (see above) and interesting. Build relations with those influencers over time so that when you have a story to share on a topic, offer the information to one or two contacts – not everybody! HARO (Help a Reporter Out; www.haro.com) is one good way to spread information; there's also the developing of a simple social media newsroom specific for the influencer audience.
- *Social sharing tools.* Help users share your content and offer ways for people to like your content by using free tools such as AddThis and ShareThis. 'Likes' are valuable votes of confidence and go a long way with users who may have come to your site for the first time. Make your content easy to share.
- *Inspire an army or, if you prefer, a 'tribe'.* This is the most important tip – your customers are best placed to help you acquire more fans and followers, and so ultimately leads and sales. Focus on this. Why? If you can keep customers engaged and inspired, then not only do they feel good about future purchases, they are powerful amplifiers to share your story with. I think this is the most important point and yet, ironically, it's not about lead acquisition, it's all about thrilled customers.

5. Engage

Consider these outreach approaches to engagement, which can be used both within your content hub and beyond, and on other sites:

- *Become part of the community*. Find ways to interact with the audience you want to reach. Monitor their online conversations and (crucially) identify the influential active members that are on your hub. Go to other sites that are active, participate in their conversations, and even comment on their blogs. Develop a blogging persona with whom they can connect and relate. Address their experiences and the issues they're facing. Assist them through your content. Talk about your brand, product and service only in the context of that larger topic; demonstrate how your offering is a practical part of the solution.
- *Shift control to your fans*. Help them expose others to your content, social objects and ultimately your brand. Provide them with the understanding, tools and inspiration to create content with you. Let them comment and write in their own voices, and let that independent perspective shine through. Give them ownership, and trust them to create good content that will resonate with the community. Promote their content, and help them to be successful through integrating free tools such as the Facebook Comments plug-in or paid versions such as Gigya (www.gigya.com).
- *Feed your fans*. Give them an incentive to be a fan and to evangelize. Make them feel good about being a fan. Listen to them, interact with them, and relate to their experiences. Use social media tools to converse in real time. Create community, identity and connection. Hear and implement their ideas and requests, and make good use of their contributions. Give them a sense of ownership in your successes. Show appreciation, and make big gestures. Demonstrate that you are thinking about them and their needs. Fashion company ASOS are very good at organizing events to help this.
- *It's a team job*. Disperse the responsibility for content creation among several individuals internally; even motivate individuals within your organization to contribute to the company blog by casually discussing potential ideas/topics with them, running contests, and getting key stakeholders (like the CEO) involved. Hire freelance talent to produce a

volume of content more quickly on a regular basis – this may be important for a new launch or campaign.

- *Optimize your content.* It's important to remember why you're doing this – the commercial reasons. So ensure that you're tracking what works; pay attention to open and click rates to maintain a pulse on whether the content is resonating with your audience and influencing tangible outcomes like reach, fan, follower, lead and customer volumes that you can attribute back to all the content efforts. Link to your content from your various social media profiles to draw people back to your hub and build SEO – at the end of the day, we're still marketing.

Many of the techniques we covered in the section on encouraging interactions also apply within this section. For example, ASOS offers one-on-one style advice which is featured through Twitter and Facebook.

Delivering customer service through social media

Another key aspect of engaging customers is delivering customer service, yet the quality of response of many companies within social media often seems lacking.

Digital Marketing Insight

Customer service in social media marketing

The importance of not neglecting customer service can be seen from a Social Media Leadership Forum report (Currah, 2012) which suggested how many people do complain or try to resolve a problem online. Over 44 per cent of adults now use the web to share grievances about

products, with customers expecting to interact with companies online and get a speedy response.

The report emphasizes the need to put in place a sound way to manage new customer-service queries. This is the overall social CRM process it recommends – ten actions to put in place the right method to respond:

1. Appointment of an *executive team to oversee the transition* to social CRM, comprising representatives from a cross-section of the enterprise
2. A *detailed audit* of the social customer to understand where conversations take place that currently encompass and influence the company's brand
3. *Identify platforms* on which the company needs *to establish a presence*, adjusted for legal and regulatory obligations
4. *Create a multi-channel strategy for customer service*, taking into account capabilities of the existing operation
5. *Update staff training and communications guidelines* to incorporate desired best practices relating to customer engagement via social media
6. Review opportunities to *strengthen and streamline connections* between the customer-service operation and key business units
7. *Define the operational specifications of social CRM*, incorporating results of steps 3–6, as a basis to identify a shortlist of suitable vendors
8. *Evaluate the cost and features of chosen vendors*, including their ability to integrate media monitoring and/or community management platforms
9. *Consultation period with chosen social CRM vendor* to plan for the process of implementation and staff training
10. *Define metrics to assess the performance* of social CRM in terms of customer satisfaction and operating costs.

We applaud all of these, but opportunities to use social CRM to learn about new product/service requirements or develop advocacy aren't emphasized.

Section Summary 5.6

The social media strategy details how content and process can be combined to facilitate C2B and C2C interactions that assist in progressing customers through a customer relationship we have discussed through the PRACE framework of Plan–Reach–Act–Convert–Engage.

5.7 Define approaches for the core social media platforms

Most companies already make use of brand pages on the main social networks like Facebook, Google+, LinkedIn or Twitter. Your company will likely have a presence and be posting status updates to share news and engage your followers. But how do you improve your use of these key social platforms?

In this section, we will show how you can review your existing presence; there are also issues to consider when creating a new presence on each of the networks. As part of this, we will cover lots of practical tips you can apply. We will do this first by reviewing general techniques you can apply across brand pages and second by recommending communications approaches across the social networks. In this section, we look at general principles of communicating using social platforms. We will get into the specifics of each of the platforms in a series of guides focusing on each network. So this section won't give you an in-depth guide to each network,

but it will enable you to perform a quick health check of your performance on each.

Each social media platform can serve a different purpose for the individual, business or organization. You will find that for each brand, the platforms tend to attract different users and offer different features to engage them. The tone of voice used and interactions are quite different too, so a 'one-size-fits-all' communication strategy for each platform is definitely not the way forward. However, there are common issues to managing use of these platforms that need an agreed approach. There are also common tools to help communicate with your audience through each of these platforms.

Developing Independent Communities

It's also worth remembering that for some organizations that can offer a deeper interaction with their audience, it may be most effective to develop their own community. For example, the membership bodies CIM (www.cim.co.uk) and the Chartered Institute of Personnel and Development (CIPD; www.cipd.co.uk) both have active members' forums on their own site.

This may also be an option to consider for some major brands and publishers. However, many publishers prefer to make commenting possible via social sign-on to encourage amplification. For example, TechCrunch (www.techcrunch.com) uses Facebook commenting within its own site.

A good example of a business that has developed its own community to support its goals of increasing interaction with small business owners is American Express. It describes its proposition (Figure 5.13) as: 'A wealth of resources for business owners – videos, articles, blogs, podcasts, and expert advice to boost your business, sponsored by American Express OPEN'.

Review your strategy for brand-related communications across social platforms

The secret to success in making effective use of each social media platform is to work out which common approaches you can use across platforms and which approaches need to be unique for the platform. Some of the common issues will be defined in your communications strategy, covered in Section 5.6, i.e.:

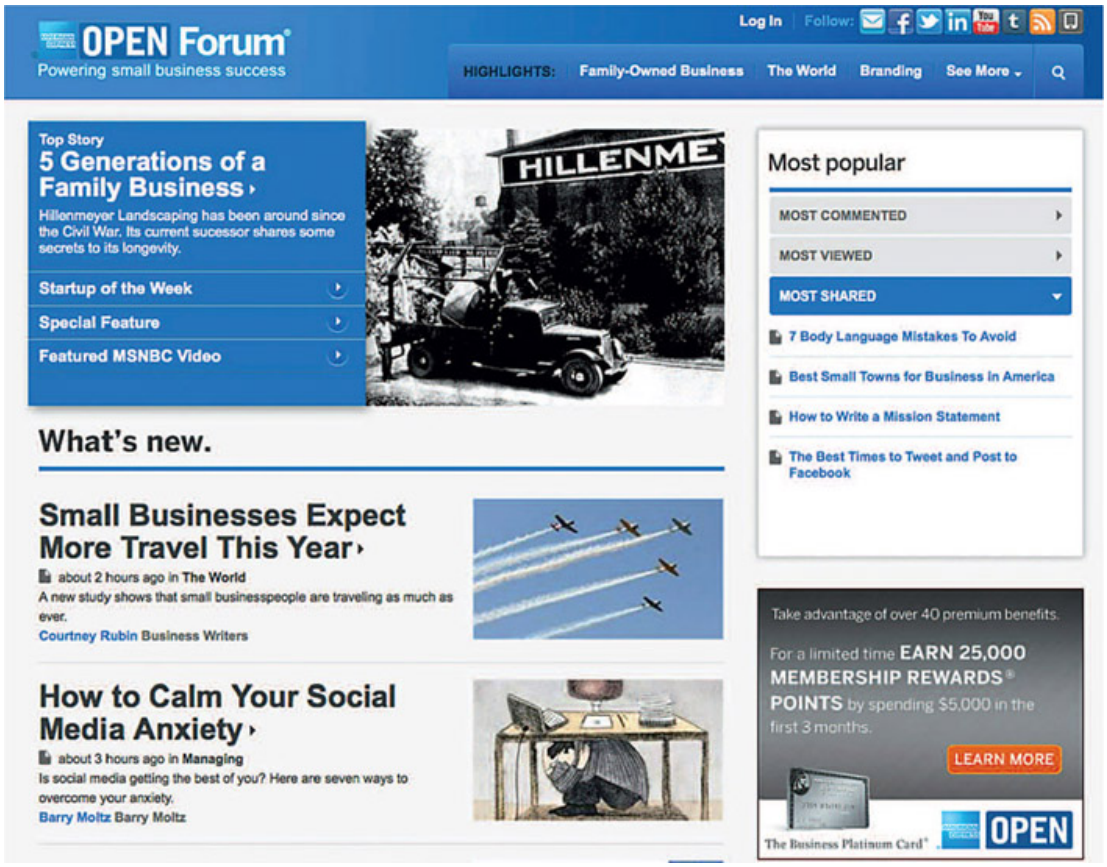
OPEN Forum
Powering small business success
Log In
Follow:
HIGHLIGHTS:
Family-Owned Business
The World
Branding
See More
Top Story
5 Generations of a Family Business
Hillenmeyer Landscaping has been around since the Civil War. Its current sucessor shares some secrets to its longevity.
Startup of the Week
Special Feature
Featured MSNBC Video
HILLENME
Most popular
MOST COMMENTED
MOST VIEWED
MOST SHARED
7 Body Language Mistakes To Avoid
Best Small Towns for Business in America
How to Write a Mission Statement
The Best Times to Tweet and Post to Facebook
What's new.
Small Businesses Expect More Travel This Year
about 2 hours ago in The World
A new study shows that small businesspeople are traveling as much as ever.
Courtney Rubin Business Writers
How to Calm Your Social Media Anxiety
about 3 hours ago in Managing
Is social media getting the best of you? Here are seven ways to overcome your anxiety.
Barry Moltz Barry Moltz
Take advantage of over 40 premium benefits.
For a limited time EARN 25,000 MEMBERSHIP REWARDS® POINTS by spending $5,000 in the first 3 months.
LEARN MORE
The Business Platinum Card®
OPEN

Figure 5.13 American Express OPEN

- Value provided through content of status updates
- Timing and frequency of updates
- Communicating the proposition to encourage people to follow or interact with the brand.

When you consider these in detail, there will be nuances for each platform in tone and style; for example, Twitter tends to require more frequent updates than Facebook and the interaction and content can differ – for example, it will be more support-related.

Select the social media platforms to prioritize on/find customer interaction preferences

You will find that each social platform will naturally differ in its importance to your business, so the first questions to answer are where are the priorities now and where to focus in the future.

Social networks are so important, it's worth doing extra research beyond the numbers from analytics to find out user intent – what do users want from the network? These can be simple 'tell us what you want' network updates or links to surveys posted as status updates or delivered through email marketing.

Profiling the audience for different social platforms

The analytics also generally won't tell you much about *who* your audience is. To determine this, use surveys as described above or take a sample of members to assess their demographics.

If you take a sample of 50–100+ users from each network, you should be able to determine their potential value to you by comparing them to your typical demographics or personas; i.e. group by:

- Gender
- Age
- Location

- Seniority and company types (B2B).

After completing this analysis, your ideas on the most relevant networks for you may change, since networks that are important by volume of fans or followers may not be so relevant in terms of potential value.

Define the proposition for your social outposts

It's simple: when someone arrives on your brand pages, they will decide whether to engage based on the experience you can offer them through the visuals, the messaging used plus the quality of the conversation evident on the wall or list of status updates. So these require urgent attention if they're not right.

Visuals and messaging showing the value of your social channel need to be consistent with the audience needs you established from your research, since audiences will vary by channel. Some general things to think about: are they:

- Differentiated – from what others offer or your other channels
- On-brand – consistent with the brand
- Visually appealing – to get cut-through, this is as important as in TV ads.

We believe that the propositions for your social outposts are similar to those you offer through e-newsletters – they are both a stream of updates. The only (big) difference is that interactions and suggestions by your audience are much more important within social networks.

Explain your proposition for social updates – how you deliver value to subscribers, for example, through:

- *Saving time* – by providing a single, up-to-date source

- *Learning* – increasing knowledge and solving day-to-day problems
- *Saving money* – for instance, through regular, exclusive offers or deals
- *Entertaining* – regardless of the brand, social updates can and should be fun for their audiences – this is not only the preserve of consumer newsletters
- *Sizzle* – adding value to your brand through new ways of engagement and experiences. Burberry is brilliant at this through replicating offline experiences through the social networks.

Getting the sell–inform–entertain balance right

Getting the correct balance between using your social media outposts as a sales tool and adding other types of value is key to their success. In fact, if you over-sell you will fail – that's why we say consider the sell–inform–entertain balance in your communications. Think how this differs for your audience. Thinking generally about the difference between B2B and B2C, there are some common features. How you add value and engage will vary by audience, but there are some common features that many are looking for (Table 5.1). Work out which are key for your audiences.

Having clear goals around the types of value you want to offer through your updates will help staff managing your social media focus, and can also be used on the social network to encourage sign-up. Remember, it doesn't have to be original content – you can still add value by Alerting, Aggregating and Distilling about content from other brands. Indeed, this makes a brand feel like part of a wider community of sites. This is content curation.

Table 5.1 Different types of value to offer through social networks

B2B Proposition	B2C Proposition
Make my work easier	Make my life easier
Help me develop	Help me learn/have fun

B2B Proposition	B2C Proposition
Make me look good	Make me look good
Keep me up to date	Keep me up to date
Give me a great deal	Give me a great deal

Digital Marketing Insight

Use of company brand pages on the main social platforms

Let's take one example from a B2B software company, Eloqua, who are well known for their use of content marketing – how they take advantage of the distinct nature of each channel for branding and to encourage interaction.

Twitter

Initially, brands using Twitter were limited to imagery in the left sidebar and what is added to the bio. Here, Eloqua (Figure 5.14) uses branded creative on the background to encourage interaction with key employees and showcase the Eloqua 'All About

Revenue' blog which is referenced in Twitter. (It is expected that Twitter will enhance their brand pages to be more like Facebook in future.)

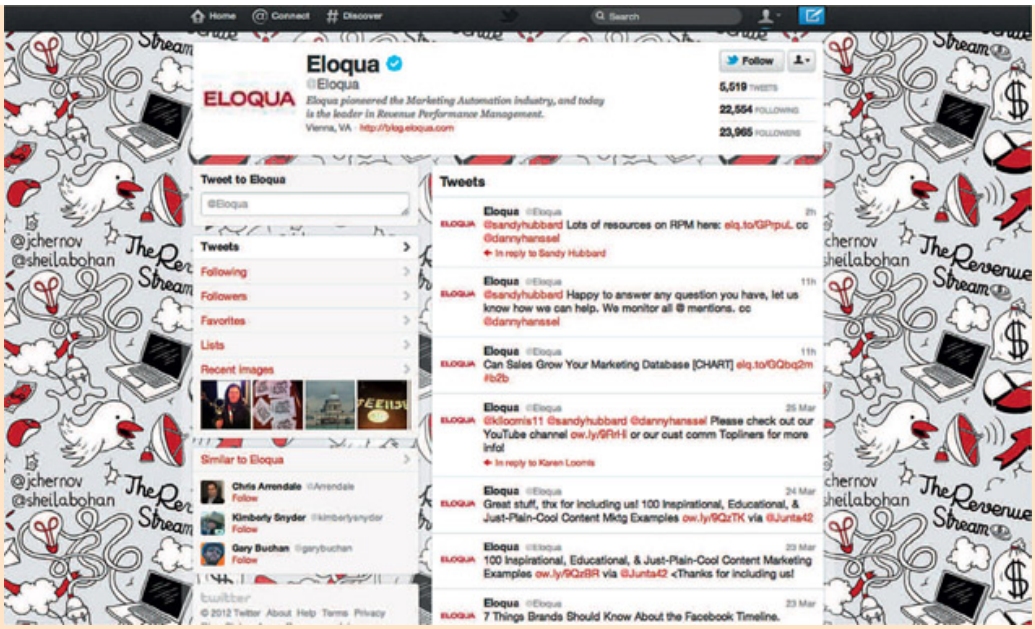

Figure 5.14 Example of Twitter page for Eloqua

Source: www.twitter.com/eloqua

Facebook

Facebook pages offer more opportunities to explain your proposition through Views and Applications plus the timeline. The use of a 'Gated Like Page' encourages data capture through Applications within the Facebook company timeline. These Applications are shown below the company 'cover' (top right, Figure 5.15).

Figure 5.15 Example of Facebook page for Eloqua

Source: www.facebook.com/eloqua

Google+

Google+ and its company pages were launched in 2012. Figure 5.16 shows that initially they were limited in their use of creative options with communications limited to Facebook-style updates.

Figure 5.16 Example of Google+ company page for Eloqua

Source: http://plus.google.com/114940452 839274883041

LinkedIn

LinkedIn is a more established network than Google, but it only offered company pages from 2011. These give the option for giving information on products and promotions as well as employee information (Figure 5.17). There is also a limited option for status updates where people can follow companies in a similar way to Facebook and Twitter; we can expect this to evolve further.

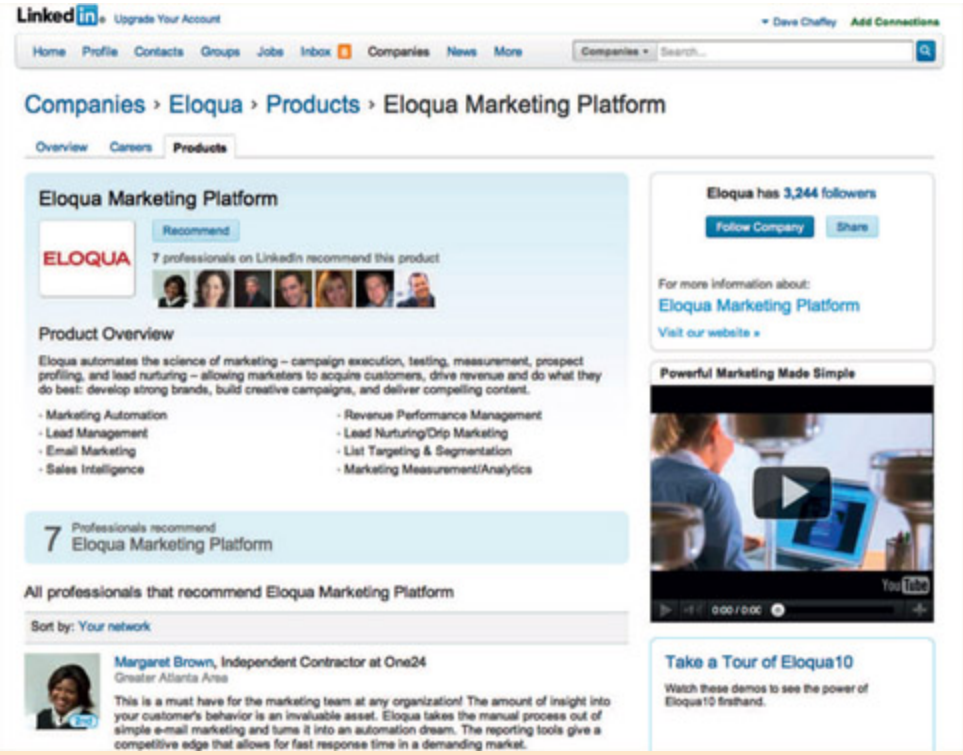
Companies › Eloqua › Products › Eloqua Marketing Platform
Eloqua Marketing Platform
Product Overview
Eloqua has 3,244 followers
Powerful Marketing Made Simple
Take a Tour of Eloqua10

Figure 5.17 Example of LinkedIn company page for Eloqua

Source: www.linkedin.com/company/eloqua

YouTube

YouTube offers companies the option for a branded YouTube channel which can be free or more sophisticated for advertisers. The Eloqua channel shows how featured playlists can be used to group certain types of content. The Eloqua example shows common examples for B2B marketing: best practices, demonstrations, tutorials, customer testimonials and recruitment (Figure 5.18).

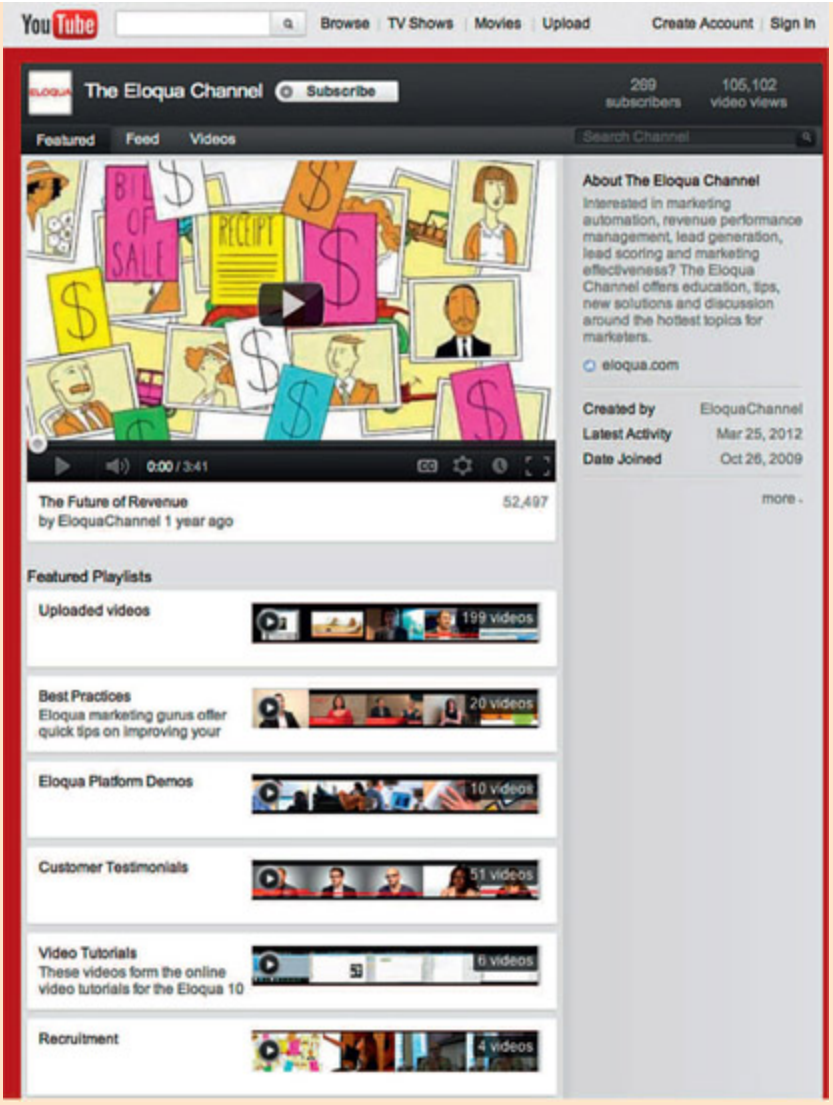

Figure 5.18 Example of YouTube channel for Eloqua

Source: www.youtube.com/user/EloquaChannel

Other popular social networks

- *Flickr* (www.flickr.com) – an established image-sharing site owned by Yahoo! that is often used for social networks
- *Instagram* (www.instagram.com) – a method for iPhone and iPad users to rapidly share photos (see Figure 5.6 for an example)

- *Pinterest* (www.pinterest.com) – this network became popular in 2012 as a method of sharing photos and infographics
- *GetGlue* (www.getglue.com) – sharing about entertainment
- *Tumblr* (www.tumblr.com) – a network of over 50 million simple blogs enabling you to post quotes, videos or images similar to a Facebook wall, but with the option for your own design. Many companies also use Tumblr for rapid sharing of photos or videos.

Countries may also develop local social networks that are popular; for example, China has Renren, Pengyou and Weibo.

Creating an Editorial Plan for Social Channel Communications

An editorial calendar will help you deliver on the promise of proposition you have defined through your messaging and visuals.

There are some common, commonsense approaches to social media communications that apply regardless of channel.

Digital Marketing Insight

Digital marketing checklist – social media profile requirements

This checklist shows some key features to consider for company social media profiles and status updates:

☑ 1 *Do our social messages add value to the audience?* This is the very first question, since your content has to make a difference to those who are following you if they are to continue to engage and

share your content. Your posts have to inform, entertain or contain great offers, otherwise you won't get cut-through.

☑ 2 *Is each channel offering its own unique value?* Online users, like customers everywhere, like exclusives, so think about social-channel-specific offers or deals – such as a Twitter competition or a Facebook gated page campaign. ASOS (www.asos.com) has produced some fantastic versions of these. Of course, many messages communicated by channels will be similar, but it's worth having some differences.

☑ 3 *Are our profile pages communicating this value?* Of course, to gain subscribers, it's important that your profile summary shows why you're worth listening to *and* interacting with.

☑ 4 *Is our profile findable?* Naturally, the benefits of your social profiles should be communicated on your site, other profiles and in offline communications. Offer choice and subscribers will choose the channel that suits them best, or maybe more than one. There are some options for getting listed on directories which will give your channel some search benefit, if you're near the top of the list; it may gain you some new subscribers too.

☑ 5 *How valuable are our messages compared to competitors?* You can only answer the first two questions by checking out what the other guys are doing, so you audit these – we recommend setting up competitor auditing on another channel. It also suggests the need for good old-fashioned customer research. Ask them what they want through surveys or get them to give feedback on how you stack up against the competitors.

☑ 6 *Are we interacting?* It's all too easy to go into broadcast mode on social channels, particularly if you use tools to facilitate this. So check that you are interacting, which means as a minimum replying to questions, but it's better also to reach out and interact with others – some following, some not.

☑ 7 *Is the frequency right?* The right frequency is about getting the balance right between too many and too few messages and

considering the resources needed to create content and send messages to alert subscribers to the content. You'll need to test this, it varies by channel. For example, some recommend one message a day via Facebook, others say this is too few. Certainly on Twitter, you would expect a business profile to be more active, if you have something worthwhile to say.

☑ 8 *Is the timing right?* This also needs testing. You will find times when your audience is more active and when your message is more likely to be read and shared. We have found that with our audience, first thing in the morning and just before lunch are effective.

☑ 9 *Do we send reminders about the good/important stuff?* As with many other media, reminders about key messages are worthwhile. This is particularly the case with social media since there is such a short half-life (Smart Insights, 2011c).

☑ 10 *Are we using the facilities of the network for a viral effect?* In Facebook, the Likes should happen without prompting if the content is good. Likewise the Shares or + in Google+. In Twitter, some recommend adding a 'Please RT', but we're not personally fans of this – it looks desperate unless it's for an ethical cause. In Twitter there are also hash tags; you need to include these to extend your reach, but not always – they work best for breaking news, campaign names and niche topics, we think.

☑ 11 *Are we integrating channels?* If you like the logic of offering something different via each channel, then it makes sense to communicate when these offers are available, since people may want to follow you on more than one network. But don't overdo it, as people will have their preferred channels.

☑ 12 *Are we using the unique benefits of each network?* Each network has its own style, its own vibe, its own etiquette. If we always send the same message across each network, we're certainly missing out on interactions.

☑ 13 *Are we using the right tools to make us efficient?* Using a common social communications tool that enables messages to be sent across all the networks is smart, essential really. There are many other advantages too, such as common tracking, scheduling and the ability to share the workload between team members. For example, we use HootSuite (www.hootsuite.com).

☑ 14 *Are we using the wrong tools/approach?* With a management tool, it's all too easy to just broadcast – too many identical messages across all the channels.

☑ 15 *Are we responding to customer comments?* Research suggests that many companies don't have the resources or process to respond to customer comments in social media channels. So make sure you can respond as appropriate.

Section Summary 5.7

Success in engaging an audience on each social network is similar; it involves finding the best range of content and frequency for each network. The audience for each network is different, so different content should be used to reflect this. Don't forget to respond to comments in your stream when relevant and don't over-automate – you need human comments to keep it human.

5.8 Social media optimization (SMO)

The term social media optimization was first coined in 2006 when the search engine marketer Danny Sullivan first used it. We think it remains relevant today, and it's a good approach to show others in your business that social

media is an ‘always-on’ activity which needs continuous efforts to improve it.

Since social media marketing is relatively new and an ongoing activity, there is a risk that it won’t be managed in an integrated way to improve effectiveness; that’s why SMO will become a key activity which needs management as part of content strategy.

Once you have social media marketing in place, SMO is a logical next step to improve its effectiveness.

So what is SMO? People have different views on what SMO involves, depending on whether their background is more in SEO or social media marketing. We prefer a broad definition, involving a structured approach to improving social media through a ‘test–learn–refine’ approach. We need to use social media to help people find our content, participate in conversations about it and then share it.

Since SMO centres on the distribution of social objects and their ability to rise to the top of any related search query, it’s closely related to content marketing and SEO.

Brian Solis (2011a) believes that: ‘SEO + SMO = Amplified findability in the traditional and social web’.

We think that’s a great way to summarize it (but only if you’re a fan of jargon).

At the centre of an SMO programme are social objects. Social objects represent the content we market via social media – images, videos, blog posts, comments, status updates, wall posts, and all related activity that creates the potential for online conversations. It follows, then, that the goal of SMO is to measure, monitor and improve the visibility of social objects as

a means of connecting with individuals who are proactively seeking additional information and direction.

Social objects are contextualized through keywords, titles, descriptions, and/or tags.

Review the Key Social Media Optimization Activities

So what does SMO involve, what activities need to happen? We think it's useful here to look at the five new rules of SMO developed by Rohit Bhargava of Ogilvy New York (Bhargava, 2010).

As we run through each area, we'll add our recommendations on which SMO issues we think are important to consider. You will notice that several of these recommend looking at analysis by Dan Zarrella, the self-styled 'Social Media Scientist'; it's worth subscribing to his blog (www.danzarrella.com) if you're a specialist.

1 *Create shareable content.* As we have said before in this guide, this is fundamentally content marketing, so in SMO it's about determining the content that your audience prefers to share across different social media platforms.

You can learn from what Dan Zarrella has found through his analysis of the most shareable topics on Facebook:

- *Web users like to learn about the most popular topics* – 'most', 'big' and 'best' are popular – these are often used in blog list posts which we know are popular
- *Help readers learn and develop* – 'how' and 'why' are some of the most popular terms
- *Making it personal can help engagement* – include 'you' in the headline – email copywriters will know this also works well in the

body copy

- *Some content types are a turn-off* – the analysis also shows that 'poll', 'review' and 'vs' are not shared so widely.

This is straightforward. The main services are:

- AddThis
- ShareThis
- Native service plug-ins.

We recommend the third approach since the top two tools, while easy to use, do not update to show shares from other sources such as social media management systems like HootSuite or TweetDeck. The native services of Facebook, Twitter and so on will check in real time to see what the latest number of counts are. Plug-ins are available for content management systems (CMS) such as WordPress.

2 *Reward engagement.* It's commonplace now to reward 'Liking' or 'Tweeting' through a promotional or content offer, so this can look at the best offers to do this. Rohit Bhargava also says that this should look at a longer term of encouraging deeper engagement and conversations.

3 *Proactively share content.* This covers the process and format for sharing beyond your central hub. This can include syndicating articles to other partners or platforms like SlideShare or Scribd. Some also create their own widgets or use ad widgets for embedding or sharing on other sites (atomization).

4 *Encourage the 'mashup'.* Rohit says that this is encouraging folks to take and remix your content, so it becomes user-generated content. This activity can effectively be built into campaigns.

We think these rules are really useful for reviewing your approach to integrating social media marketing into a web site, but think there's more to it. Other options to test and refine content through analytics and AB/multivariate testing include:

1. *Test effectiveness of sharing and content types on business outcomes.* Ask which sharing activities and types of promotions lead to business results, leads, sales or changes in brand preference.
2. *Review how well your content marketing supports SEO.* This is determining how content marketing and social media can support SEO activities, since the amount of social sharing of content is a ranking signal and encourages backlinks.
3. *Review preferences of different audiences using different social media platforms to convert and share different types of content and offers.* Some content and offers will naturally work best for different audiences, so it's good to have an understanding of what works and what doesn't. You can also demonstrate the relative effectiveness of how different social and digital marketing channels combine with content marketing through looking at relative propensities to convert.

4. *Optimum frequency for initiating sharing.* Determine how often you should share content. This will vary on different platforms – you should engage more frequently on Twitter than on Facebook, for example. Consider the half-life of your social communications, which is the time taken for an online communication to get half the clicks. Research from Bitly (2011) shows that typical values are:

    - Twitter = 2.8 hours
    - Facebook = 3.2 hours
    - Direct sources (email or IM) = 3.4 hours.

    This suggests that ideally, you should post several times per day to maintain sharing.
5. *Best methods for identifying influencers and seeding content.* Reaching out to other sites and influencers is a key success factor for content marketing, so it's good to examine how effective you are in this.
6. *Approaches to integrate sharing of content through different social platforms, web, mobile and email channels.* This is working out how

you can engage your audience across different channels by linking between them.

Ensuring that you are visible

Content is the base for getting a good position in the search engine results pages (SERPs), and content is what is shared in social media and ultimately also appears in search results. The more relevant content you have, in the more relevant places, the more likely you are to be found by prospective buyers at the right time. The important part about being findable is to think multiple touchpoints, multiple web sites and at multiple times.

Content is the core for natural search results, and content is what is shared in social media and ultimately what also appears in search results in Google; it also converts better than any other traffic – so we want more of it. Search engine optimization is an integrated process, not a stand-alone set of tasks – it's certainly too important to be left to SEO experts. Fundamentally, content connects with search and social.

There are a lot of ways that people can view your content: the marketing model has shifted from a pure, 'How do we push messages to drive more traffic?' to 'How do we publish and become findable in more places including SERPs?'

You're seeking not only to optimize site content, but also off-site content on third-party web sites and social networks that have better potential to rank highly in the SERPs than you do – as well as increasing your reach to a much wider audience in the process: this includes image and video search, not just text. Links back from other sites and social networks are hugely important.

Manage your content with blog software, use posts that link back to relevant pages (especially product pages) – this is good for users and for Google; add

content to categories, to product pages, optimize it (think keywords).

The question is, 'How do I make my content awe-inspiring and then shareable so that it has the best chance to go viral?' Hugh MacLeod of Gaping Void described this well when he said:

> ***The most important word on the internet is not 'Search'. The most important word on the internet is 'Share'. Sharing is the driver. Sharing is the DNA. We use Social Objects to share ourselves with other people. We're primates. We like to groom each other. It's in our nature.***
>
> ***(MacLeod, 2007)***

Making your content shareable

Shareable content is important for two reasons – first, for natural search and link building, and second, because the way people are finding and consuming content (product, entertainment, news, learning information) is fast-changing. Optimizing for both search and social media is now equally important. Think of your web site as the hub or heart of your marketing, pumping content outwards but with a backflow of comments and interactions.

We still want traffic coming to our web sites, of course, and if we do it right, then visitors will come. But if we value the creation of more entry points to connect with our brand across the Internet, then we must increase the reach of our content in and beyond the SERPs and into social referral traffic.

How can you increase sharing and social referral traffic?

There are three key factors at play here:

- How fascinating, valuable, informative or entertaining your content is
- How easily shareable you have made it (hint: not just for Facebook!)

- How much time you are spending interacting on third-party sites and social networks, sharing your story and interacting with your current and potential current audience.

If you can inspire someone, then their friends are more likely to be interested in the same thing ('birds of a feather flock together'), so you're likely to be reaching and then leveraging a well-targeted audience.

Think about these five approaches to make your content more shareable:

1 *Make tagging, bookmarking and sharing easy.* Before Facebook's tools became so ubiquitous, widgets were the primary tool that allowed others to grab your content and share it on their blogs, Facebook profiles and social bookmarking sites. Examples of these widgets include the ShareThis or AddThis plug-ins.

   Each social media site has its own range of share buttons and badges or plug-ins; they are very similar to widgets, though they focus on one application, of course – for example, Facebook's 'Share' or StumbleUpon's 'Stumble', and Twitter's 'Retweet'!

2 *Enable others to help your content travel further.* Great content gets shared naturally. Back in the day, it was pretty much forwarding by email – now it's wider: RSS subscribers, content syndication, email newsletters, status updates, social bookmarks, Facebook promotions and tweets – they all improve reach and need to be employed with the big idea in mind, and as you create the content.

   You will have heard, no doubt, the idea of encouraging people to 'mash-up', or augment and curate, your content – this further increases the reach and appeal of what you've done and drives traffic back. The classic example here is YouTube's cut-and-paste web code to embed video (your video) into any web page. So, encourage re-use and sharing – it will all flow back to you, the originator.

3 *Form a connection.* You want to attract visitors and you really want the visitor to register in some way – why? Connected visitors tend to engage more than anonymous visitors, and they've already engaged once by registering. You will most likely see more time on site, more page views, lower bounce rate and, if you're operating an e-commerce site, increased sales.

A traditional long and cluttered registration form can, however, limit interactions. Use social sign-in as an option to help reduce this.

4 *Encourage interaction.* A user leaving a comment on your site is great; sharing that comment with their social network is going to drive traffic. Today, through web services like LiveCycle, Facebook Connect, Gigya, Janrain and Disqus, you can easily encourage people to share their comments more broadly.

5 *Remember the real purpose.* What are you setting out to do at the business level? Build sales, influence or credibility, maybe? Align those business goals with the customer needs and ensure that that manifests as relevant content, specifically for your audience (not everybody). Get involved – online conversation is at the heart of social media, not just 'listening'. Be the go-to resource, even link to competitors and cement your position as a trusted and valued reference.

Think of it like some kind of 'content = social karma'; you've got to give to get, so just concentrate on doing an honest-to-goodness job of providing what your market really, really values. Is this not what you wish some brands would do for you? Of course, be real and even a bit humble in the process – most of us value that authenticity

Think small for accessibility and mobile content

With the smartphone market growing at a prolific rate, and tablets like the iPad the gadget to have, the concept of accessible content for devices beyond a desktop PC is important for broadening reach and maintaining brand relevance through social media, as described in Chapter 6.

Section Summary 5.8

Social media optimization (SMO) is a structured approach to increasing engagement and sharing within social media marketing. It involves testing different content, messages and frequency with a view to increasing leads and sales generated through social media marketing.

Chapter Summary

1. Social media are digital media which encourage audience participation, interaction and sharing.
2. Social media marketing can be defined as 'Monitoring and facilitating customer–customer interaction, participation and sharing through digital media to encourage positive engagement with a company and its brands leading to commercial value. Interactions may occur on a company site, social networks and other third-party sites' (CIPR, 2011).
3. Social media marketing should start by listening to online conversations and should be driven by customer needs and business goals rather than the social platforms. The Forrester People–Objectives–Strategies–Technology (POST) mnemonic emphasizes this.
4. The Forrester Social Technographics Ladder suggests you should develop strategies to engage users according to their level of interaction with social media: Creators; Critics; Collectors; Joiners; Spectators or Inactives.
5. Social media marketing, social business and social CRM require a transformation in many staff, involving: setting a scope for social

media activities to communicate to staff; reviewing social media capabilities and priorities; governance: defining who is responsible for social media; and reviewing brand personality and vision.

6. Ensure appropriate tools are in place to listen to and follow up on different 'social mentions', including brand conversations about you; competitor conversations; your competitor brands and market conversations; and products and services you offer.
7. Social media engagement should be based on a sound content strategy. Remember: content must have intrinsic value; content is a key part of your online value proposition; you must define its relevance to customers – help them live their lives and do their work better.
8. Use the PRACE framework to help develop a social media strategy. PRACE is Plan, Reach, Act, Convert and Engage.
9. Success in engaging an audience on each social network is similar; it involves finding the best range of content and frequency for each network. The audience for each network is different, so different content should be used to reflect this. Don't forget to respond to comments in your stream when relevant and don't over-automate – you need human comments to keep it human.
10. Social media optimization (SMO) is a structured approach to increasing engagement and sharing within social media marketing. It involves testing different content, messages and frequency with a view to increasing leads and sales generated through social media marketing.

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Word-of-Mouth Marketing Association (www.womma.org). A US-oriented community of word-of-mouth marketing specialists.

Self-test

1. Explain and give examples of the main types of social media platform that can be used to engage with customers and influencers.
2. What types of goal is it important to define for social media marketing?
3. Which criteria would you use to assess a company's capability for adoption of social media?
4. Outline approaches to social listening.
5. Explain the principles and purpose of content marketing.
6. Give examples of different types of content that can be used for content marketing and explain how they may be used through the purchase decision.
7. Show how social media communications can support the areas of the PRACE framework as part of a social media communications plan.
8. What are common communications approaches that need to be applied by marketers across the major social media marketing platforms?

9. Explain approaches for assessing the return on investment of social media marketing.
10. Explain the principle and activities of social media optimization (SMO)

Chapter 6
Designing digital experiences

> A website attempts to deliver just three types of Outcomes: Increase revenue. Reduce cost. Improve customer satisfaction/loyalty. That's it. Three simple things.
>
> *Kaushik (2009)*

Overview

In the early days of the web, the only experiences we had to manage were web sites. Today, companies have to deliver effective experiences across a range of platforms. From web sites to mobile-optimized sites, to mobile apps, to a presence on social networks as branded company pages. Plus there is integration with offline channels such as store and phone to consider. The design challenge is certainly bigger, through offering customers choice and increasing your digital footprint, but the same principles of developing a user experience apply.

We go beyond best practice in usability and accessibility, to show how to design commercially led sites which deliver results. Commercially led site designs are based on creating compelling persuasive experiences which really engage visitors through relevant messages and content, encouraging them to stay on the site and return.

Overall Learning Outcome

By the end of this chapter, you will:

- Know what makes an excellent online experience on different platforms
- Be able to review site effectiveness when designing an enhancement
- Understand the best practice rules to follow and the mistakes to avoid
- Apply the principles of structured experiments supporting conversion rate optimization
- Be able to explore options for added value through dynamic facilities.

CHAPTER TOPIC		LEARNING OBJECTIVE
6.1	Introduction	Identify the main objectives of digital experiences
6.2	Integrated design	Ensure digital experiences are integrated with the rest of the business
6.3	Online value proposition	Develop an online value proposition (OVP)
6.4	Customer orientation	Be able to translate customer needs into site design
6.5	Dynamic design and personalization	Explore options for added value through dynamic facilities
6.6	Aesthetics	Identify different aspects of aesthetic design
6.7	Page design	Understand and apply best practice for page layout
6.8	Content strategy and copywriting	Managing content quality and applying the fundamental principles of copywriting for web sites
6.9	Navigation and structure	Assess best practice for navigation and structure
6.10	Interaction	Assess best practice for interaction (including conversion optimization)

CHAPTER TOPIC		LEARNING OBJECTIVE
6.11	Mobile site design	Review considerations for design of mobile experiences

6.1 Introduction to site design

When we first wrote this book in 2001, creating an online presence was simple: businesses created a web site for access via desktop PCs. Today, with the huge growth in adoption of mobile devices, it's not as simple. Consider the customer-facing touchpoints of a brand's online experience. These include a desktop or mobile-optimized site, mobile apps company, pages on social media and emails communications too. Each of these affects the digital experience and the customers' continued loyalty to a brand.

The quality of digital experience is also affected by the quality of interactions with offline channels, for example how a retailer offers store locators on its web site and in-store specific features available by mobile. Specialist in-store marketing technology like near field communication (NFC) tags can even be used to support the customer experience as this example from CloudTags shows.

Digital Marketing Excellence

CloudTags integrates in-store digital experiences

CloudTags are working with a number of retailers to create with an innovative, omnichannel experience using mobile devices and NFC technology. The retailers such as Harvey Nichols and MADE (an online furniture retailer) have been putting tablet computers in stores for

consumers to pick up and use. The customer simply enters their email address, which creates a customer profile and by interacting with physical products via tapping on NFC icons in store they get rich, in-depth product content such as images, videos, and recommendations. There is also a separate tool that allows users to send details of the products to the inbox.

If assisted by staff, the store is able to track and attribute activity online (should the user go home and purchase) so the original sales person is included in the credit for the sale.

Figure 6.1 Cloud Tags at MADE

Source: CloudTags

Results

Harvey Nichols found that 90 per cent of shoppers engaged in-store were not previously known to them. Sixteen per cent of all shoppers

engaged with the experience and 18 per cent took further action after receiving an email.

MADE also used the technology at their Notting Hill Showroom (Figure 6.1). Twenty-one per cent of consumers opted to have their in-store collections sent to their inbox, 41 per cent went on to browse products online, and over the course of the trial the average order value went up 15 per cent.

This example shows how, today, consumers are happy to interact with a company using technology. Ease of purchase, good customer experience and strong engagement are moving beyond attractive extras and are becoming standard expectations.

That said, the desktop and mobile web site is still at the heart of online communications for most businesses and, despite the rise of 'social commerce', is where the majority of leads are generated and e-commerce transactions occur. In many consumer sectors, more than 50 per cent of mobile visits and sales are now generated on smartphones. Research by the IAB (2016) shows that consumers expect mobile-optimized experiences, indeed 69 per cent say that a poor mobile experience will negatively affect their perception of a brand and may prevent future sales. So, in this chapter we still focus on best practices for developing mobile and desktop web experiences. We will also cover mobile apps, but relatively briefly since although mobile apps now make up around 90 per cent of mobile device media time (Chaffey, 2016) this is skewed by consumers accessing social media, email and news via their smart-phones. For many small and medium businesses the benefits of developing and maintaining a separate mobile app aren't worthwhile.

The imperative to produce a customer-centric online presence is suggested by Alison Lancaster, at the time the head of marketing and catalogues at

John Lewis Direct and subsequently marketing director at Charles Tyrwhitt (www.ctshirts.co.uk) who said:

> ***A good site should always begin with the user. Understand who the customer is, how they use the channel to shop, and understand how the marketplace works in that category. This includes understanding who your competitors are and how they operate online. You need continuous research, feedback and usability testing to continue to monitor and evolve the customer experience online. Customers want convenience and ease of ordering. They want a site that is quick to download, well-structured and easy to navigate.***
>
> ***(Lancaster, no date, unpublished)***

Essential Elements of Creating Effective Online Experiences

Site design = Function + Content + Form + Organization + Interaction

Combining these elements into a site design presents a challenge few have still mastered, since success requires a range of skills and the right decisions to balance all of these elements. Companies need to harness internal skills and/or use specialist agencies to combine all of the success factors for successful experience design which we will review in this chapter:

- *Accessibility*. This should be built into all web sites since it is a legal requirement under disability and discrimination law. An accessible design supports visually impaired site users and other disabled users with limited limb movements. It also helps users accessing the site with a range of different web browsers, using different devices such as mobiles or tablets, and it also indirectly assists search engine optimization.
- *User-centred design and usability*. With a user-friendly site, visitors can find the information they are seeking, have a satisfactory experience and complete actions efficiently. User-centred web site design is an essential approach to ensure that the web site meets visitors' needs. Research to identify appropriate personas, customer journeys and relevant content is a key activity.

- *Information architecture and findability.* Analysis and design to create a sound system of structure and labelling of content in headings and navigation are essential to help findability through standard navigation and on-site search.
- *Search engine optimization (SEO).* If SEO isn't considered in site design and within content management systems, search robots may be unable to crawl content and the relevance of different pages will be unclear.
- *Web standards.* Complying with standards to produce consistency in the way sites are coded and displayed in different browsers as promoted through the World Wide Web consortium (www.w3.org) and the Web Standards Project (www.webstandards.org).
- *Persuasion to deliver commercial results.* Your design should emphasize specific content and *customer journeys* through the site in order for your site to meet its objectives, such as *conversion rate optimization (CRO).* Users should not be offered unlimited choice to visit any content; instead you should prioritize your most valuable content in a similar way to a supermarket using merchandizing to promote specific products. Remember too, that mixed-mode journeys are still commonplace; not everyone will buy online, many are just researching, so facilitate these journeys through prominent features like a store locator or in-store promotions.

We also need to study the psychology of customer engagement (Chapters 1 and 4) to understand the content, messages and visual design that influence customer perceptions (remember Robert Cialdini's six 'weapons of influence' from Section 4.6).

- *Visual design.* The experience of a brand and a site will not be memorable and positive if the visual design and creative isn't energizing and doesn't fit with what the visitor would expect from a brand.
- *Digital analytics.* Analysis of cross-device and cross channel journeys can help improve navigation and conversion to different site goals.

- *Legal requirements*. Site owners need to check that they comply with the many laws to control a web presence.
- *Digital marketing planning and improvement process*. The web site must fit within the wider world where it supports different organization goals, integrates with other sales channels and is continuously reviewed and improved.

Digital Experience Goals

Clarifying the key objectives and purpose of a web site and apps helps to determine the functions and content offered as part of your experiences.

So what is the purpose, or objective, of your web site or apps? First, in order to help customers or other stakeholders, ask 'How can my site help my customers?' For example:

- Help them buy something they need
- Help them find information
- Help them to save money and time
- Help them to talk to the organization
- Help them to enjoy a better brand experience.

These are the 5Ss – Sell, Serve, Speak, Save and Sizzle – introduced in Chapter 1, as seen from the customer perspective. Site design can help achieve the 5Ss, as follows:

- *Sell*. Growing sales can be achieved through effectively communicating a crystal-clear online value proposition (OVP, Chapter 4) and through making e-commerce and lead generation easier.
- *Serve*. We can add value through designing easy-to-use interactive services that help customers to find relevant, up-to-date information quickly.

- *Speak*. We can use the site to converse with and get closer to customers by providing tailored content and designing interactive facilities to create a dialogue through email marketing or chat (or even a trialogue, when customers talk to each other), as well as learning about their needs.
- *Save*. Costs are saved through delivering online content and services that may have previously been achieved through print and post or face-to-face service and sales transactions.
- *Sizzle*. An excellent site design helps build the brand and reinforces the brand values through the type of content, interactivities and overall style, tone or feel.

Practical Digital Marketing Tip

Conversion goals and value events

You should define conversion goals for your site to check that you are achieving your objectives. Visits to certain pages such as an e-newsletter registration, where-to-buy or sales confirmation page are more valuable than others.

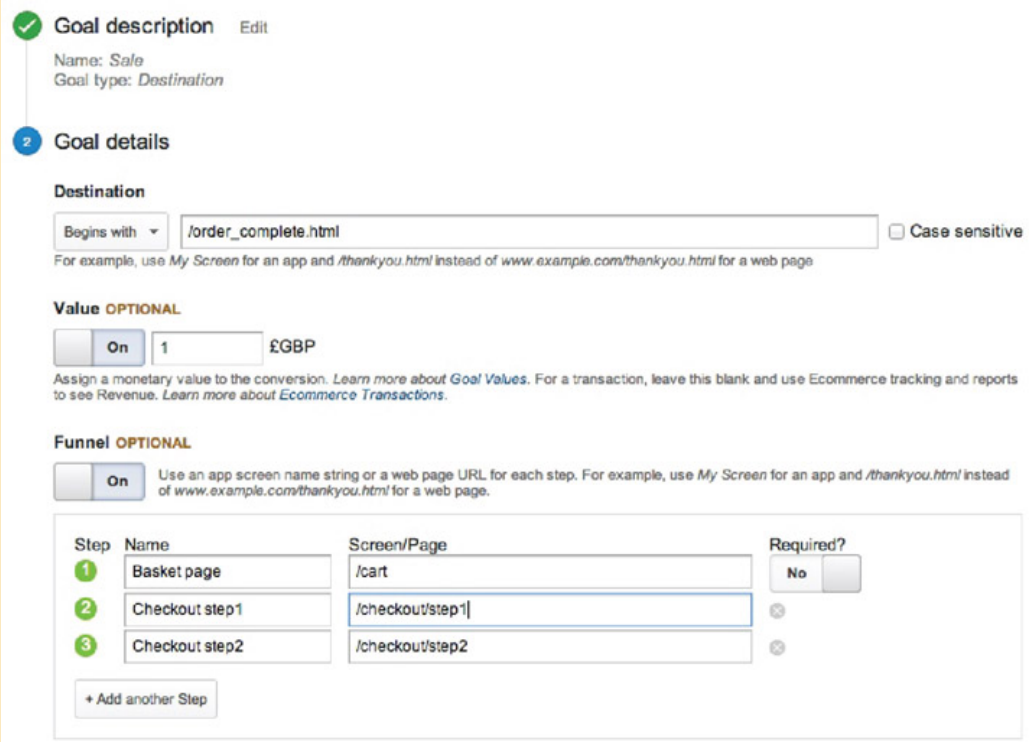


Figure 6.2 Using Google Analytics to set up marketing goals

These are also known as value events and you should create a tracking and scoring system to evaluate them by using web analytics. Google Analytics makes it easy to set up conversion goals (Figure 6.2 shows how different types of goals should be grouped) and track them and, even better, show pages or referrers that influence them. Non-transactional sites should have value assigned to their goals. For example, travel company i-to-i (www.i-to-i.com) knows the value of everyone who downloads a brochure from research about conversion rates from download to sale in their conversion funnel. With a value assigned to the goal, the company can then work out which referrers to the site and which pages on the customer journey assist with conversion.

Design priorities do vary, but many companies use the objectives of customer relationship management to serve as objectives for their site;

for example, through the PRACE framework introduced in Chapter 1 or the three key aspects of the customer lifecycle:

- *Customer acquisition.* Acquisition means winning customers – converting prospects (visitors) into customers on-site.
- *Customer retention.* Retention means keeping customers – ensuring they repeat buy. Timely, personalized and relevant emails and offers can bring them back to you via the site.
- *Customer extension.* Extension means extending the share of wallet. Selling other relevant products and services to the same customer. For example, the database can identify similar customers who bought A but not B, and then make recommendations.

For each of these, design can help *convert* the visitor to the required marketing outcome. Achieving site *stickiness* increases the chance of achieving these objectives.

Practical Digital Marketing Tip

Bounce rates

You should use your web analytics tools to review bounce rates to analyze and improve the effectiveness of landing pages and the quality of referrers to a page. This is particularly important where you are investing in digital media such as Google Adwords since, if the majority of visitors bounce, you may as well burn your money.

Bounce rates are the percentage of visitors to a page or site that exit after visiting only a single page. We're often asked, 'What is a good bounce rate?' Of course, the answer is 'It depends'. To answer this in a

meaningful way, you have to segment in the analytics through different visitor types like brand or direct visits, new versus returning visitors, generic or long-tail search visits. But generally, what we have found are bounce rates in this range; if you are way outside this range, you could have a problem:

- Home page (depends on strength of brand): 15 per cent to 25 per cent
- Category or product page (of course, this depends on the product, service and deal): 35 per cent to 55 per cent
- Landing page (created for bought media): 25 per cent to 40 per cent
- Blog post (many read, then leave): 60 per cent to 80 per cent.

Digital Marketing Excellence

Harley-Davidson uses the web to achieve diverse objectives

Some sites, like Harley-Davidson (Figure 6.3), are designed with a range of objectives including acquiring new customers through detailed product information about the core product and extended product such as guarantees and rentals; developing additional revenue streams such as rentals, tours and courses; and saving through making efficiency gains by helping dealers with warranty claims – thereby generating cost savings and better customer service. Communicating the experience and image possible through owning the brand is important, although this may not always be possible with accessibility goals.

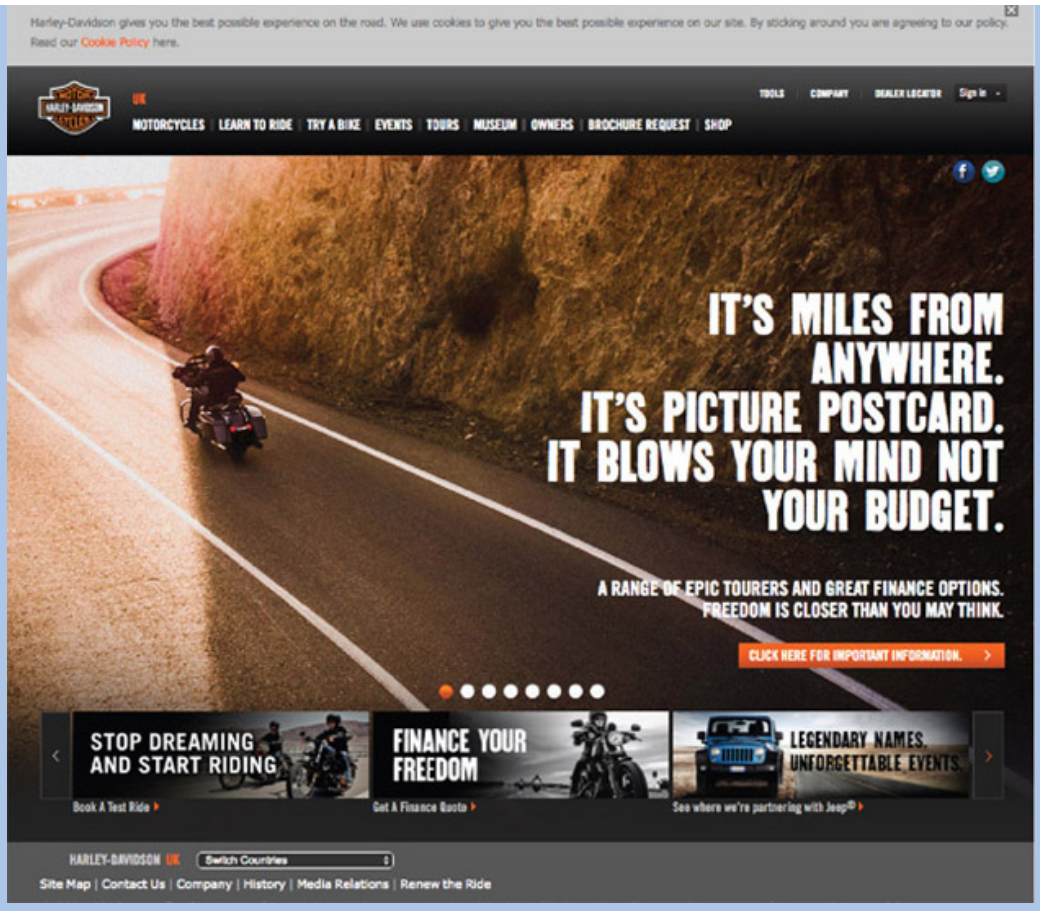

Harley-Davidson gives you the best possible experience on the road. We use cookies to give you the best possible experience on our site. By sticking around you are agreeing to our policy.
Read our Cookie Policy here.
UK
TOOLS
COMPANY
DEALER LOCATOR
Sign In
MOTORCYCLES
LEARN TO RIDE
TRY A BIKE
EVENTS
TOURS
MUSEUM
OWNERS
BROCHURE REQUEST
SHOP
IT'S MILES FROM ANYWHERE.
IT'S PICTURE POSTCARD.
IT BLOWS YOUR MIND NOT YOUR BUDGET.
A RANGE OF EPIC TOURERS AND GREAT FINANCE OPTIONS.
FREEDOM IS CLOSER THAN YOU MAY THINK.
CLICK HERE FOR IMPORTANT INFORMATION.
STOP DREAMING AND START RIDING
Book A Test Ride
FINANCE YOUR FREEDOM
Get A Finance Quote
LEGENDARY NAMES. UNFORGETTABLE EVENTS.
See where we're partnering with Jeep®
HARLEY-DAVIDSON UK
Switch Countries
Site Map | Contact Us | Company | History | Media Relations | Renew the Ride

Figure 6.3 Harley-Davidson

Source: www.harley-davidson.co.uk

Key Variables for Web Design Objectives

Christodoulides *et al.* (2006) have tested the importance of a range of variables that are indicators of online brand equity for online retail and service companies. This analysis was performed across these five dimensions of brand equity, assessed by asking the questions below – they provide an excellent framework which can be applied to assess and benchmark the quality of brand experience for different types of web site:

1. *Emotional connection*

    Q1: I feel related to the type of people who are [X]'s customers
    Q2: I feel as though [X] actually cares about me
    Q3: I feel as though [X] really understands me

2. *Online experience*

    Q4: [X]'s web site provides easy-to-follow search paths
    Q5: I never feel lost when navigating through [X]'s web site
    Q6: I was able to obtain the information I wanted without any delay

3. *Responsive service nature*

    Q7: [X] is willing and ready to respond to customer needs
    Q8: [X]'s web site gives visitors the opportunity to 'talk back' to [X]

4. *Trust*

    Q9: I trust [X] to keep my personal information safe
    Q10: I feel safe in my transactions with [X]

5. *Fulfilment*

    Q11: I got what I ordered from [X]'s web site
    Q12: The product was delivered by the time promised by [X].

How would you add to this framework for requirements for a customer-centric site? We would add the importance of relevant quality content (implied by Q6) and the presence of a community where user-generated content is shared (suggested by Q1).

Practical Digital Marketing Tip

Increasing landing page conversion rate

Remember that many visitors do not enter via your home page; we find that often more than half of visitors arrive from search engines and other sources not on the home page, but on campaign landing pages (Figure 6.4). Use your analytics to find which are the most important, both for entry and during the journey through the site, and then focus your optimization efforts here.

The implication is obvious: designers need to treat every page as the entry point to clearly explain their proposition and aim to convert to action. Here is a checklist of questions to ask to check your landing page effectiveness against specific goals.

- ☑ *Aim 1: Generate response (online lead or sale and offline callback)*
  Does the page have a prominent call-to-action such as a prominent button above the fold, repeated in text and image form?
- ☑ *Aim 2: Engage different audience types (reduce bounce rate, increase value events, increase return rate)*
  Does the page have a prominent headline and sub-heads showing the visitor is in the right place? Does the page have scent-trail trigger messages, offers or images to appeal to different audiences? For example, Dell has links on its site to appeal to consumers and different types of businesses. A landing page containing form fields to fill in is often more effective than an additional click since it starts committed visitors on their journey.
- ☑ *Aim 3: Communicate key brand messages (increase brand familiarity and favourability)*

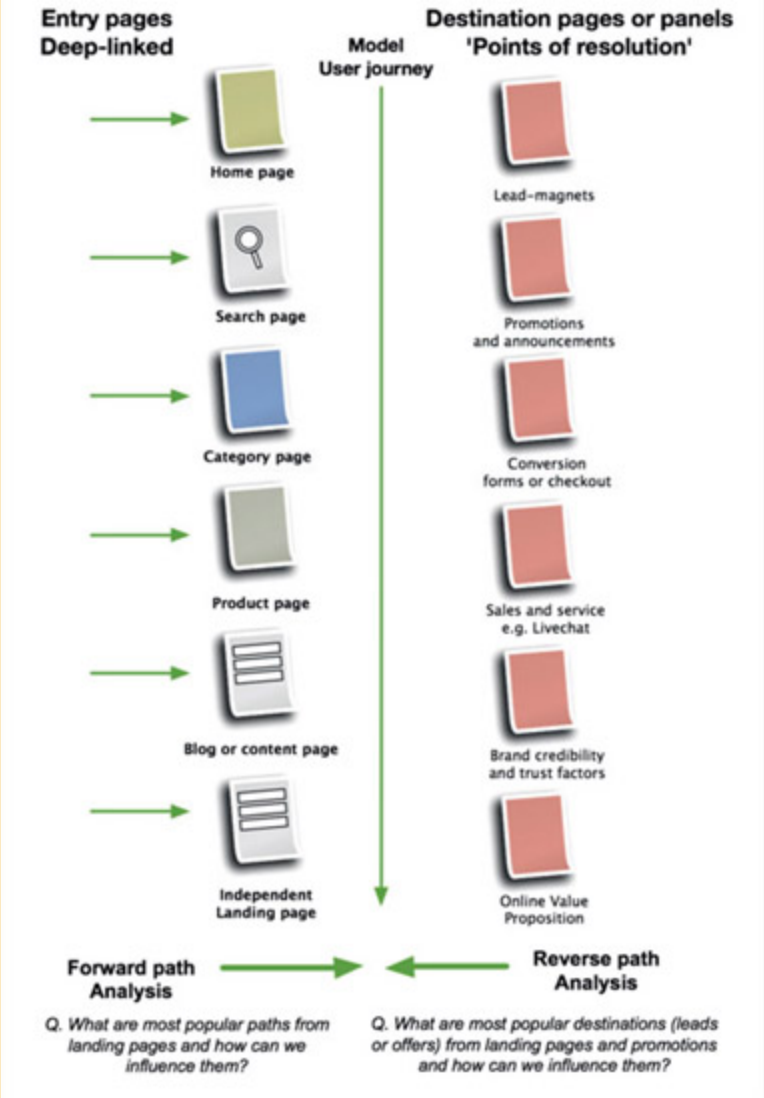


Figure 6.4 Entry pages for site visits on different customer journeys

Does the page clearly explain who you are, what you do, where you operate and what makes you different? Are your core proposition and online value proposition compelling? Figure 6.5 shows a company with clear, carefully considered brand messaging. Laser eye-treatment site Ultralase (www.ultralase.com) used to feature the top ten FAQs on its home page, but it has now reduced this to three key concerns (quality, cost, trust), for which it uses a simple carousel at the top of the home page to communicate the key message. The three main customer journeys

and OVP are communicated through the green bar. Also ask whether you can use customer testimonials or ratings to show independent credibility as Ultralase does. To help with this, use run-of-site messages (on all pages) across the top of the screen or in the left or right sidebars. Figure 6.10 (below) is also an excellent example of this, since it has the 'Why choose us?' message to differentiate it. Many sites keep this hidden on the 'About us' or home page, but here it's obvious when a visitor arrives from a search engine or affiliate.

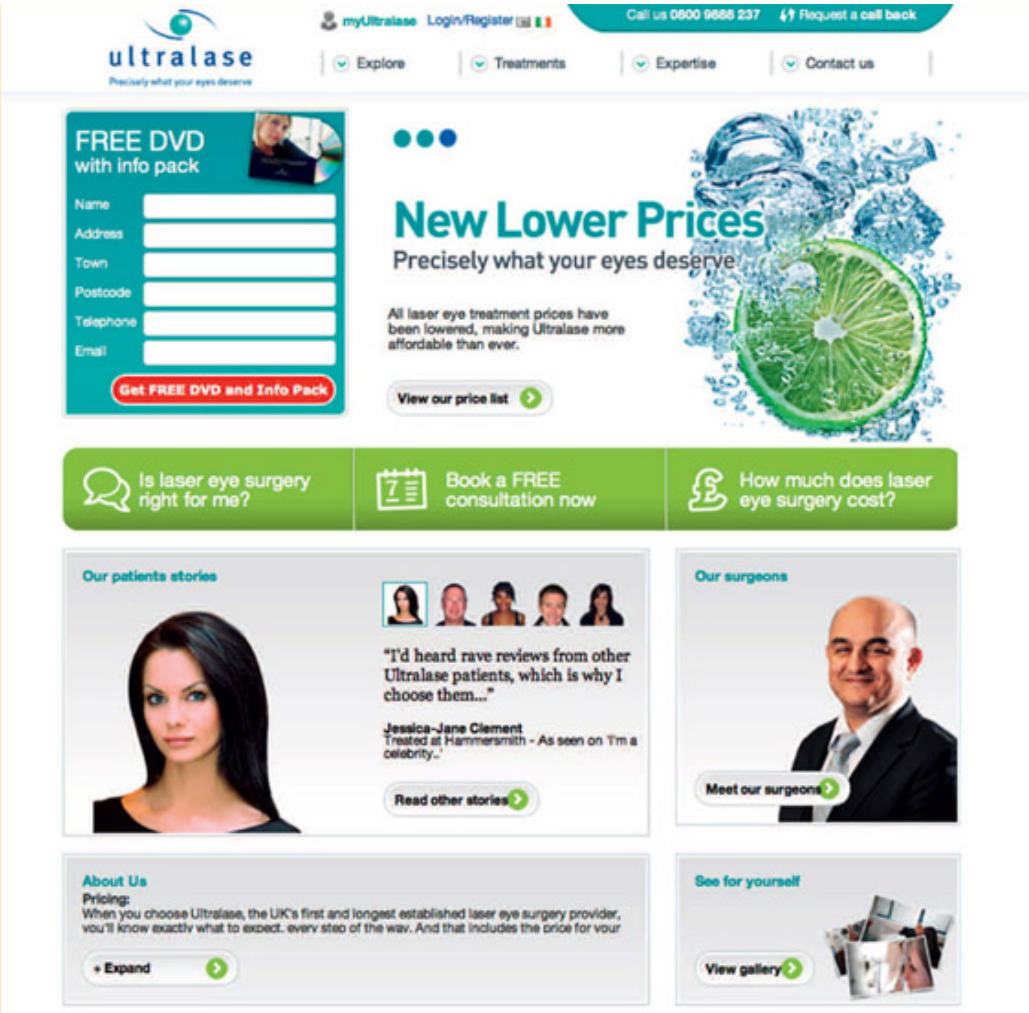
☑ *Aim 4: Answer the visitors' questions (reduce bounce rates, increase conversion rates)*

Different audiences will want to know different things. Have you identified personas (Chapter 4) and do you seek to answer their questions; e.g. do you use FAQs or messages which ask 'Are you a new customer?' (so you can explain the proposition)?

☑ *Aim 5: Showcase range of offers (cross-sell)*

Do you have recommendations on related or best-selling products and do you show the full range of your offering through navigation?

☑ *Aim 6: Attract visitors through SEO and paid search*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Call us 0800 9888 237
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FREE DVD
with info pack
Name
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Get FREE DVD and Info Pack
New Lower Prices
Precisely what your eyes deserve
All laser eye treatment prices have been lowered, making Ultralase more affordable than ever.
View our price list
Is laser eye surgery right for me?
Book a FREE consultation now
How much does laser eye surgery cost?
Our patients stories
"I'd heard rave reviews from other Ultralase patients, which is why I choose them..."
Jessica-Jane Clement
Treated at Hammersmith - As seen on 'I'm a celebrity..'
Read other stories
Our surgeons
Meet our surgeons
About Us
Pricing:
When you choose Ultralase, the UK's first and longest established laser eye surgery provider, you'll know exactly what to expect, every step of the way. And that includes the price for your
+ Expand
See for yourself
View gallery

Figure 6.5 Ultralase

Source: www.ultralase.com

How well do you rank for relevant search terms compared to competitors? Do your navigation, copy and page templates indicate relevance to search engines through on-page optimization? Review the example of Figure 6.10, which has effective landing pages for SEO and which also has a high *Quality Score* in Google Adwords because the page title, headlines and copy all focus on the main search term, as explained further in Chapter 7.

Usability and Accessibility

Effective web site designs are informed by two key approaches used by professional designers. These are usability and accessibility.

Usability is an established concept that is applied to the design of a range of products and services which describes how easy they are to use. ISO 9241 defines standards for the ergo-nomics of human–computer interaction, including usability which it defines as:

> ***The effectiveness, efficiency and satisfaction with which specified users achieve specified goals in particular environments.***
>
> - *effectiveness:* the accuracy and completeness with which specified users can achieve specified goals in particular environments
> - *efficiency:* the resources expended in relation to the accuracy and completeness of goals achieved
> - *satisfaction:* the comfort and acceptability of the work system to its users and other people affected by its use.

You can see how the concept can be readily applied to web site design – web visitors often have defined goals such as finding particular information or completing an action such as booking a flight or viewing an account balance.

The same principles hold true today. In practice, usability involves two approaches. First, *expert reviews* are often performed at the beginning of a redesign project as a way of identifying problems with a previous design. Second, *usability testing* which involves:

1. Identifying representative users of the site
2. Asking them to perform specific tasks such as finding a product or completing an order
3. Observing what they do and how they succeed.

The use of *personas* and *scenario-based design* which we looked at in Chapter 4 (Section 4.10) is a key approach to inform usability. There are

many other customer feedback tools which will assist with the process (see the compilation at http://bit.ly/smartfeedback).

Jakob Nielsen (2003) explains the imperative for usability best in his article 'Usability 101'. He says:

> ***On the web, usability is a necessary condition for survival. If a web site is difficult to use, people leave. If the homepage fails to clearly state what a company offers and what users can do on the site, people leave. If users get lost on a web site, they leave. If a web site's information is hard to read or doesn't answer users' key questions, they leave. Note a pattern here?***

For these reasons, Nielsen suggests that around 10 per cent of a design project budget should be spent on usability, but often, actual spend is significantly less.

Practical Digital Marketing Tip

Site customer feedback tools tell you why, while web analytics only show you what and where

Web analytics systems will only tell you so much about customer journeys. They will tell you the customer journeys followed, but not the opinions of visitors. Feedback tools are essential partners to web analytics since they help to get you closer to customers. These are the tools we use on projects and recommend. You can see a full listing of the categories of tools here: http://bit.ly/smartfeedback.

Figure 6.6 Kampyle feedback system for Smart Insights

Source: www.kampyle.com

1 4Q – Assess the gap between customer intent and satisfaction
2 Kampyle (Figure 6.6) – gain feedback on individual pages
3 HotJar – review user interactions with sites
4 What Users Do and UserTesting.com – get video feedback from sample audiences completing tasks online

Web accessibility

Web accessibility is about allowing all users of a web site to interact with it regardless of disabilities they may have or the web browser or platform they are using to access the site. The visually impaired or blind are the main audience that designing an accessible web site can help, although often the site will also become easier to use for sighted users due to clearer navigation and labelling.

This quote shows the importance of accessibility to a visually impaired user of a web site who uses a screen-reader which reads out the navigation options and content on a web site. Lynn Holdsworth, a web developer and programmer, says: 'For me being online is everything. It's my hi-fi, it's my source of income, it's my supermarket, it's my telephone. It's my way in' (Holdsworth, cited in RNIB, no date).

Remember that many countries now have specific *accessibility legislation* to which you are subject. This is often contained within disability and discrimination acts. In the UK, the relevant act is the Disability and Discrimination Act (DDA) – now part of the Equality Act 2010.

Recent amendments to the DDA make it unlawful to discriminate against people with disabilities in the way in which a company recruits and employs people, provides services or provides education. Providing services is the part of the law that applies to web site design.

Providing accessible web sites is a requirement of Part II of the Disability and Discrimination Act published in 1999 and was required by law from 2002.

Links on accessibility guidelines and standards are given at the end of the chapter.

Digital Marketing Insight

From AIDA to persuasion marketing

In addition to usability and accessibility, web site designers need to add persuasion into the design mix; to create a design that delivers results for the business.

ClickZ columnist Bryan Eisenberg (www.clickz.com) has been called a 'conversion guru'. He advocates persuasion marketing alongside other design principles such as usability and accessibility. He says:

> ***It's during the wireframe and storyboard phase we ask three critical questions of every page a visitor will see:***
>
> ***1 What action needs to be taken?***
> ***2 Who needs to take that action?***
> ***3 How do we persuade that person to take the action we desire?***

Section Summary 6.1

Introduction to site design

Well-designed sites have clear objectives. The 5Ss can help you to choose objectives. Asking 'How can my web site help my customers?' also helps. But remember, the highest priority marketing objectives or purpose should determine the web site design. Well-designed sites have regularly updated, quality, content. Both content and context are 'king'. Good sites are also designed for usability and accessibility, but remember the principle of persuasion.

6.2 Integrated design

In this section, we look at the importance of integrating the web site into all communications, customer buying modes and with the databases that help to support relationships with customers.

The Web and Integrated Marketing Communications

Although web sites do more than just communicate (remember the 5Ss), they must integrate with all other communications tools, both online and offline. The web site's brand messages must be consistent with those in offline advertisements and mail-shots. Equally, new offers and major announcements such as awards won should be communicated consistently both online and offline. As the organization and the web site grows, this job gets more difficult, but space should be reserved within the page template for these key messages, which help show credibility and reinforce perceptions received through other channels.

At a basic level of integrated communications, all offline communications should carry the web site address or *URL* and describe the *online value proposition*. Equally, for customers who prefer other forms of contact, the web site should cater for *inbound communications* by carrying prominent and efficient telephone numbers, 'Contact us' forms, and where relevant to support sales questions, callback and Livechat systems.

It is worth remembering that different customers prefer different communication tools, channels or modes, particularly when buying.

The Web and Buying Modes

The web site should integrate with different buying modes. We must take account of customers' preferences of browsing, comparing, selecting or buying products either online or offline, as shown in Figure 6.7. Completing

some activities of the buying process offline and some online is referred to as *mixed-mode buying* or *multi-channel behaviour*. The site design and offline marketing communications should be integrated to support mixed-mode buying.

Common buying modes include:

- *Online purchase*. Some customers want to search, compare and buy online. Does your web site accommodate all stages of the buying process? Few products can be delivered online, so fulfilment is usually offline.
- *Online browse and offline purchase*. *Mixed-mode buying* is when customers like to browse, look or research online and eventually purchase *offline* in a real store or in a real meeting. Some of these customers might like to browse online, but purchase via fax or telephone because of security and privacy issues. Does your site have fax forms and telephone numbers for placing orders or taking further enquiries? Does your site integrate with other communications channels? Some sites also have *callback facilities* which allow visitors to request a telephone call from a sales staff member to complete the purchase.

Within these buying modes, there are different forms of customer decision making that need to be considered.

Brian Eisenberg, a US-based conversion optimization specialist, has developed a useful framework to help us think through the different decision-making styles of different web users (Figure 6.8). How well does your landing page support this range of styles?

The *Methodical* focuses on HOW-type questions:

- What are the details?
- What's the fine print?

- How does this work?

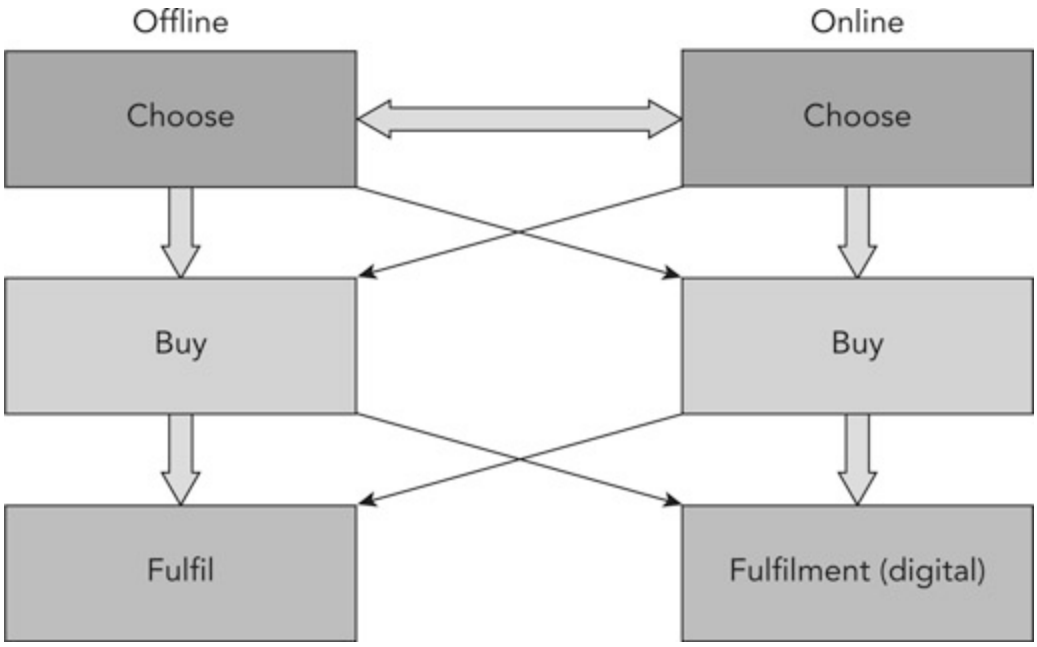

Figure 6.7 Alternative buying modes in mixed-mode buying

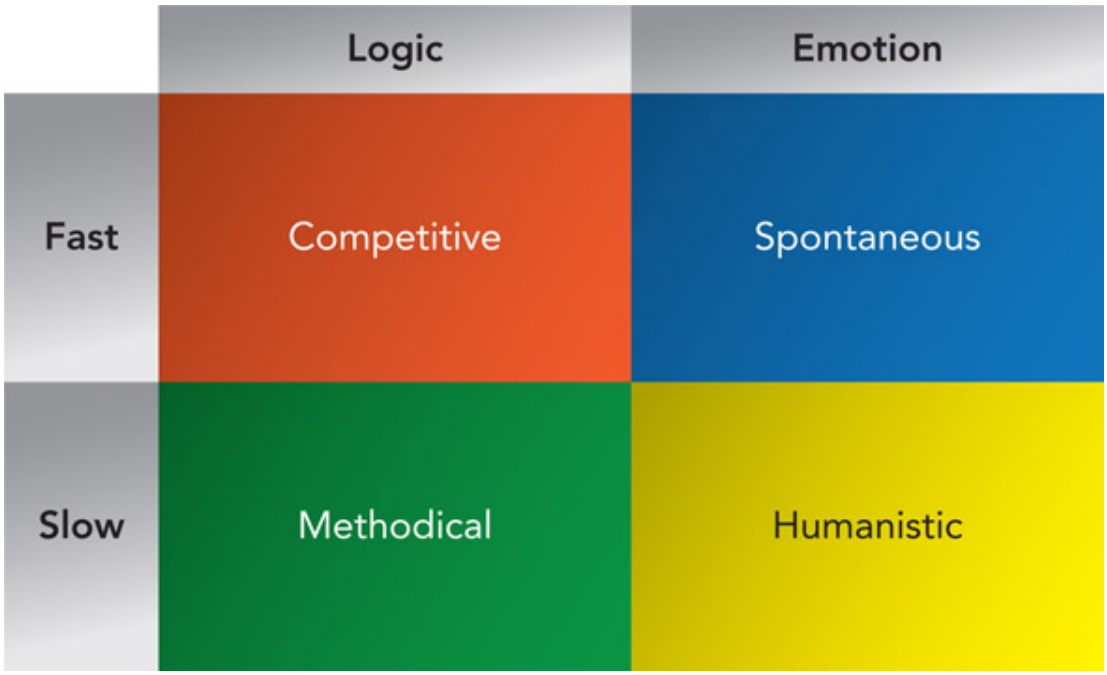

Figure 6.8 The four types of web purchase-making decisions according to Eisenberg

Source: Eisenberg (2006)

The *Humanistic* focuses on WHO-type questions:

- How will your product or service make me feel?
- Who uses your products/service?
- Who are you? Tell me who is on your staff, and let me see bios.

The *Spontaneous* focuses on WHY- and sometimes WHEN-type questions:

- How can you get me to what I need quickly?
- Do you offer superior service?
- Can I customize your product or service?

The *Competitive* focuses on WHAT-type questions:

- What are your competitive advantages?
- What makes you the superior choice?
- What makes you a credible company?

Digital Marketing Insight

How Dell supports mixed-mode buying

Dell supports a common buying mode: *offline awareness, then online selection, then offline purchase.*

This is done through communications tools that facilitate customer transition from offline to online and vice versa:

- *Offline choose to online choose.* If a customer reads about a particular model of a Dell computer in a magazine, it provides e-codes. These are typed in on the site's 'As Advertised' page, so avoiding the need for the customer to navigate to the particular product page.

- *Online choose to offline purchase.* If the customer decides to proceed with the purchase, but is uncomfortable about providing their credit-card details online, Dell facilitates this transition by providing a prominent telephone number on each page. This phone number is web-specific, so Dell knows that all inbound calls to this number are in response to web research. Dell also uses different web-specific phone numbers on different parts of the site which have different audiences, to help connect callers to the right person and track site effectiveness.

How Should the Web Integrate with the Database?

Mixed-mode buying requires good systems. A web site database should, ideally, be integrated with the old, legacy, database and an email database. An integrated database can help sales reps know which web visitors have requested a real visit or a telephone call.

Furthermore, the database and the actual design of the web site can also help to nurture marketing relationships. The database remembers customer names, preferences and behaviours. The days of being able to build an effective web site using simple HTML code are long gone. An integrated database can personalize the experience and make relevant offers that match the needs of customer types.

Digital Marketing Excellence

A planned user-centred design approach

Effective web design requires a sound planning approach; success is not simply down to the creative skills of the designers. As with many

marketing activities, research should be at the core of the web design process, so when briefing and evaluating web suppliers, make sure you gauge the user-centred design process. Don't reinvent the wheel, since there is an established standard for planning a web site improvement project: *ISO 9241–210: Human-centred design processes for interactive systems* (Figure 6.9).

The standard is based on four principles of human-centred design:

1. Active involvement of users and a clear understanding of user and task requirements
2. Appropriate allocation of function between users and technology, i.e. providing tools which automate user tasks
3. Iteration of design solutions through prototyping and user review, i.e. test, learn, refine
4. Multi-disciplinary design meaning the design team should have skills across all design aspects that affect the customer experience and the business results.

The different stages which relate to the techniques we will cover in this chapter are shown in Figure 6.9.

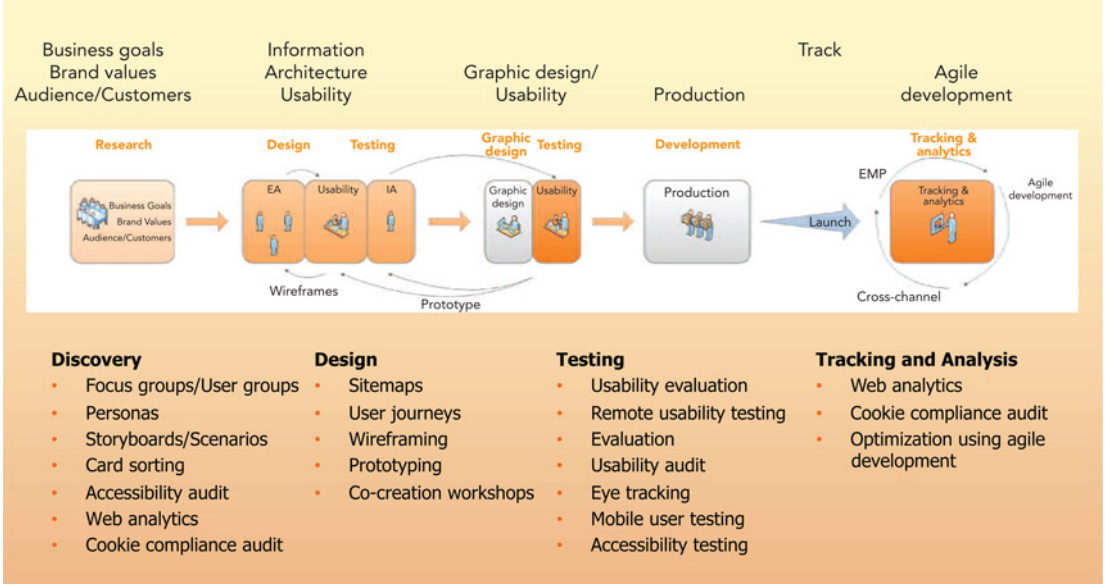

Figure 6.9 User-centred design process showing typical relationship between ISO 9241–210 and web site design phases

Source: Seren (www.seren.com)

Section Summary 6.2

Integrated design

Web activities on their own won't work. Isolated web sites are ineffectual. They need to be integrated at several different levels:

1. Communications – consistent communications whether online or offline
2. Buying modes – marketers must facilitate customer transitions between online and offline information sources during the buying process
3. Databases – customer databases must be integrated to achieve a consistent view of the customer, understand intent and lead score in order to build long-term relationships and trigger email and phone contact after site interaction.

6.3 Online value proposition

The web gives the ultimate in customer choice. There are millions of sites to choose from and thousands of new domain names are still added every day. How will you stand out?

We saw in the first section of this chapter that good sites have good content, are regularly updated, easy to use and fast to download. In addition to all of these, your site has to have a clear and strong proposition. A proposition to your visitor. A unique proposition. An *online value proposition (OVP).*

Practical Digital Marketing Tip

Communicate multiple OVPs run-of-site

You need to communicate your OVP, not only on your home page and the 'About us' page, but across your whole site through careful design of messages within the mast-head or sidebars. You also need to develop different OVPs for different audiences – the Dulux site (www.dulux.co.uk) does this well through use of four key personas. E-retailers need to think of their OVPs for different types of buyers from hunters and trackers through to explorers (see Section 4.6 in Chapter 4).

So reviewing your page template design for OVPs in different site sections during the web design and build process is crucial – you need mockups of all your site sections, not just the home page. This way you can communicate different OVPs to different audiences at different points in the buying process. For example, within the checkout process of a site, visitors need to be reassured about security, additional costs, delivery and returns.

Why should a customer visit, stay and even revisit your site? What does your site propose to visitors? Can you summarize the proposition for your site? Try to identify the proposition as you visit other web sites. Can you summarize their OVPs? Refer to Chapter 2, Remix, since the OVP will refer to different aspects of the marketing mix. The OVP should be clearly evident to the visitor. If you don't clearly know why a customer should visit and revisit your site, how likely is it that customers will understand?

The OVP is similar to the traditional unique selling proposition used in advertising, although advertising executives can have great debates about how the cyber world is different. Ideally, you need to try to find a proposition that explains what your organization or site is offering that:

- Is different from your competitors
- Is not available in the real world
- Makes a difference to your customers' lives.

At the very least, the proposition should clearly show the services you are offering and your credibility to deliver.

You then need to devise a tag line that accompanies your brand identity and URL to drive home your web proposition in all communications, both web-based and real-world.

So, we have our proposition. What next?

1. First, we need to leverage the proposition in traffic building. The proposition can be combined with the *URL* or web address and be in all advertising, as an email signature and included in all marketing collateral. As we see in Chapter 7, you can craft the message in the search results – this is important since it's often the first place a searcher finds out about you.
2. We need to state the proposition clearly on-site. Many sites are designed so that their proposition is prominent on the home page and may be

referred to on every page at the top or top left as part of the organization's identity. Others make the visitor work too hard to understand the proposition.

3 We need to deliver on the proposition through all interactions a customer has with us including online and offline fulfilment and service.

Digital Marketing Excellence

Swiftcover communicates its online value proposition throughout the customer journey

Insurance company Swiftcover thought carefully about the message it wants to deliver and then communicates it effectively through the customer journey; not just on its home page.

1 Communication starts in Google search results pages (SERPs) in the page description and site links (see Chapter 7 for discussion of these).

2 Communication of the OVP on the home page occurs both in the central panel above the fold and in the right sidebar through a 'Why choose us?' panel. It is a mistake to think people will always go to 'About us' to answer this message, it needs to be on the home page and throughout the site where visitors may land.

3 Deeper in the site like this product page, Swiftcover communicates value through its testimonials – a different way of communicating value.

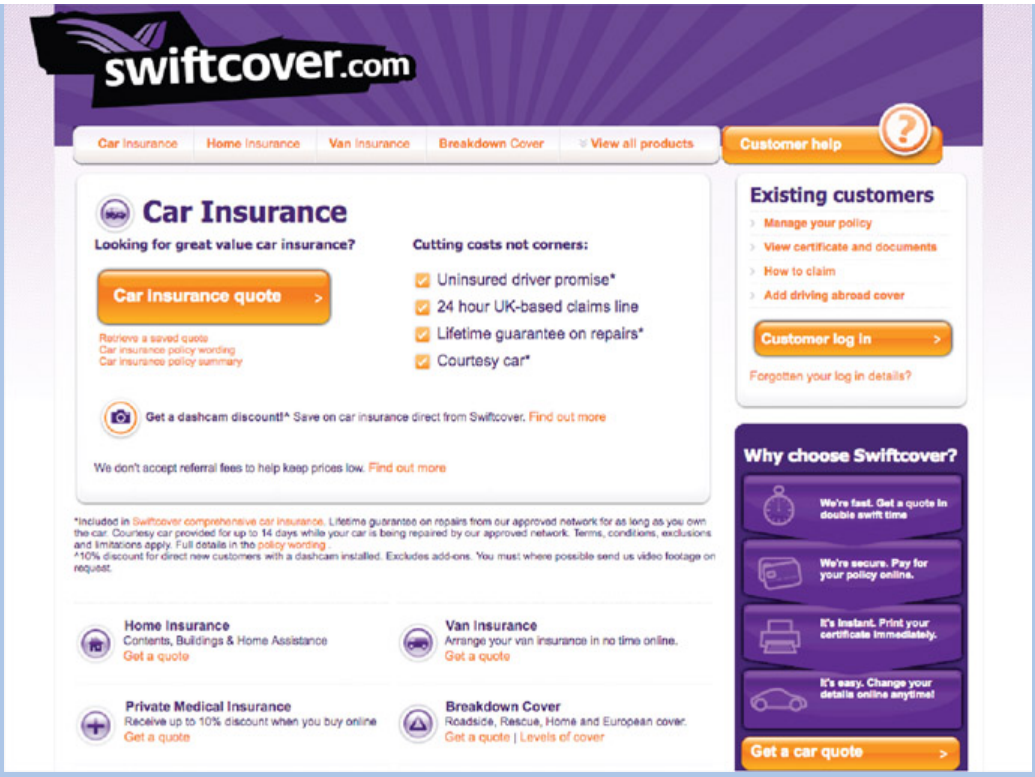
swiftcover.com
Car Insurance
Home Insurance
Van Insurance
Breakdown Cover
View all products
Customer help
Car Insurance
Looking for great value car insurance?
Car Insurance quote
Cutting costs not corners:
Uninsured driver promise*
24 hour UK-based claims line
Lifetime guarantee on repairs*
Courtesy car*
Get a dashcam discount!^ Save on car insurance direct from Swiftcover. Find out more
We don't accept referral fees to help keep prices low. Find out more
Existing customers
Manage your policy
View certificate and documents
How to claim
Add driving abroad cover
Customer log in
Forgotten your log in details?
Why choose Swiftcover?
We're fast. Get a quote in double swift time
We're secure. Pay for your policy online.
It's instant. Print your certificate immediately.
It's easy. Change your details online anytime!
Get a car quote
Home Insurance
Contents, Buildings & Home Assistance
Get a quote
Van Insurance
Arrange your van insurance in no time online.
Get a quote
Private Medical Insurance
Receive up to 10% discount when you buy online
Get a quote
Breakdown Cover
Roadside, Rescue, Home and European cover.
Get a quote | Levels of cover

Figure 6.10 Swiftcover value proposition on the home page

Source: www.swiftcover.com

The following section on customer orientation examines what customers want, what's important and what's affordable.

Digital Marketing Insight

Different views on the value proposition

These comments epitomize traditional meanings of the 'value prop' which can all be translated into an online environment.

A conventional view of the value proposition is provided by Knox *et al.* (2003) in their review of approaches to customer relationship management. They say a value proposition is: 'an offer defined in terms of the target customers, the benefits offered to these customers, and the price charged relative to the competition'.

Similarly, Rayport and Jaworski (2004) suggest that construction of a value proposition requires consideration of (1) target segments, (2) focal customer benefits, (3) resources to deliver the benefits package in a superior manner to competitors. However, branding advocates believe that the value proposition is more than the sum of product features, prices and benefits. They argue that it also encompasses the totality of the experience that the customer has when selecting, purchasing and using the product. We will see that these customer experiences and also service quality are very important online. For example, Molineux (2002) states that: 'the value proposition describes the total customer experience with the firm and in its alliance partners over time, rather than [being limited to] that communicated at the point of sale'.

To summarize, we can say that:

1. The offer forming the OVP should be developed specifically for specific target customer segments (see the Firebox example in Figure 6.11).
2. The OVP is not limited to the customer experience on-site, but involves how it links to other channels as part of a multi-channel buying process.
3. The product or service offer and experience that form the OVP must be based on in-depth research of which factors govern purchase and loyalty behaviour, and refined according to actual experience of the OVP by customers.

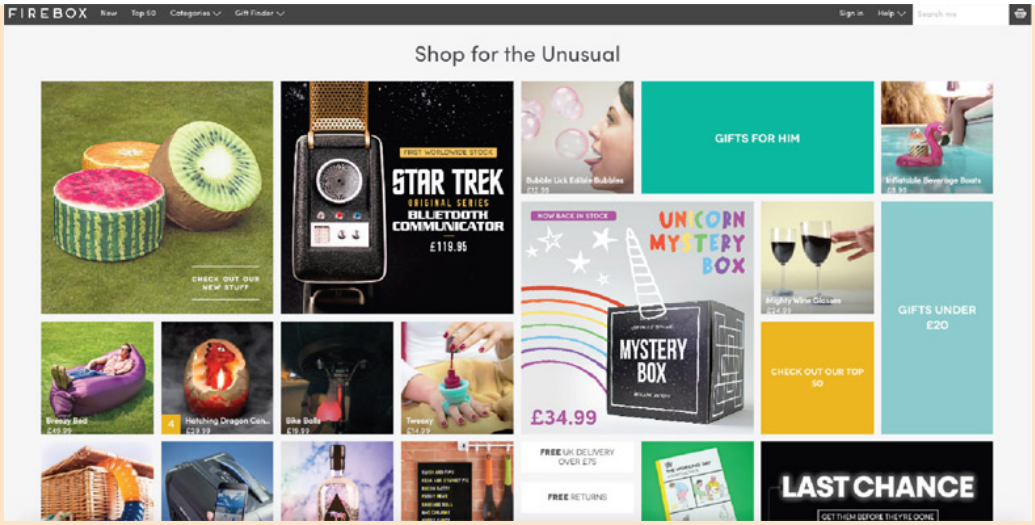

Figure 6.11 Firebox

Source: www.firebox.com

What should be the specific elements of an OVP? Remember from Chapter 4, Section 4.2 on motivations the six Cs that e-customers demand: Content, Customization, Community, Convenience, Choice and Cost reduction. These can all be built into the OVP.

From OVP to Multichannel Digital Value Propositions

Multichannel retailers and other types of businesses which have a physical presence, like banks and travel companies, can look at how digital media and technology can support customer experiences in-store and be used to integrate channels. Web site store locators and Click and Collect are examples of OVP that supports multichannel customer journeys. Similarly, digital experiences can now be created in-store to reposition a brand and support the buying process. These can perhaps be best described as a multichannel digital value proposition rather than an 'OVP'. See the Virgin Holidays case study below as an example.

Digital Marketing Excellence

How has Virgin Holidays used virtual reality?

When Facebook's Oculus Rift and other consumer virtual reality (VR) headsets like the HTC Vive and PlayStation VR were launched, Virgin Holidays wanted to apply innovative technology in some of its stores for more than a year.

You can see the showreel summarizing the campaign here: www.youtube.com/watch?v=K9Pu0f27k1Q

Sunna van Kampen, the marketing manager at Virgin Holidays wanted to explore how VR could enhance the in-store buying experience by offering waiting customers a virtual tour of Virgin Holidays' destinations, allowing them to 'try before they buy'.

To film the holiday experiences, they used a 360 degree rig made of multiple GoPro cameras. These were used to film an excursion in the Riviera Maya in Mexico, including dolphins in Xel-Ha park, walking the ruins and cliffs of Tulum, and touring the hotels and beaches of Maroma. These were all filmed from a first person perspective, so an idea of the experience could be captured, at every angle, with the sensation and visuals a customer would experience themselves. Ambient sound was also recorded to create a real, sensory experience of what the holiday would sound like, as well as look like.

To test the experience at a relatively low cost, the VR was delivered through Google Cardboard which enabled a low-cost test roll out of what was at the time the biggest virtual reality roll out in the UK. The tech was branded 'Virgin Reality' in store in line with the Virgin experience.

The results

Overall, the experience was successful since where deployed it kept customers in the stores longer and generated a significant rise in sales of holidays to Riviera Maya. Sunna van Kampen of Virgin Holidays believes that Virtual Reality is here to stay.

Following the successful trial, the concept has been extended and five tech-enhanced concept stores opened across the UK (Bluewater, Lakeside, Bristol, Newcastle and Leeds). In future, the Virgin Holidays shop will include an 'island bar' where customers can stop for a drink, a dedicated kids area, complete with Disney-themed magic mirror, and the opportunity to experience what it feels like to sit in a Virgin Atlantic Upper Class chair and sip champagne.

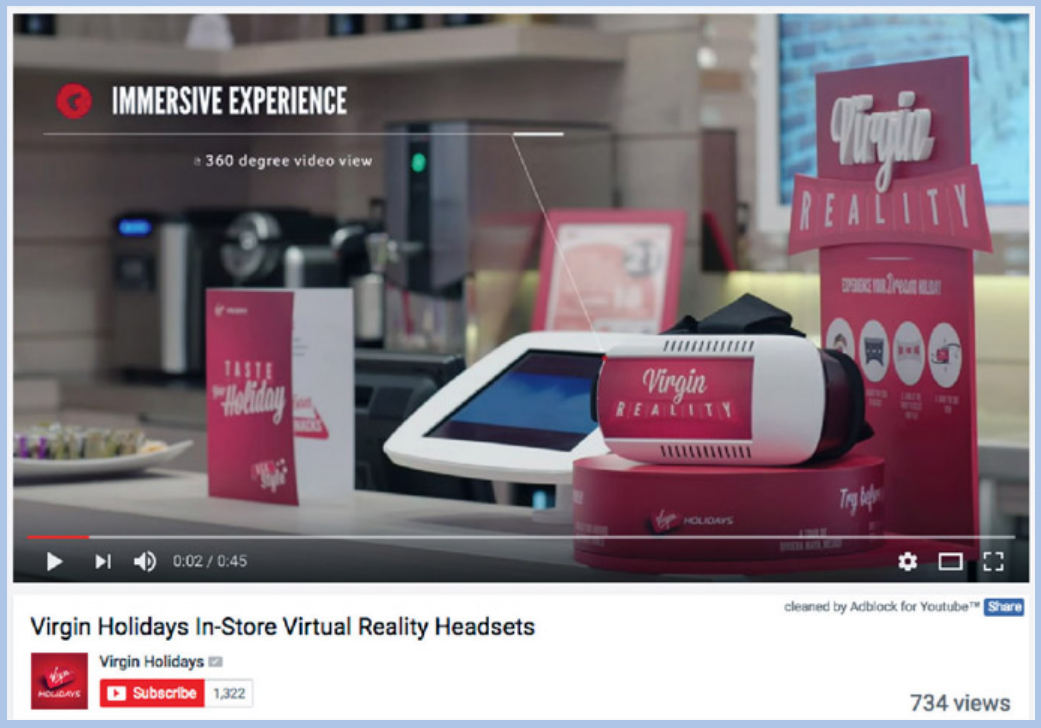

Figure 6.12 Virgin Holidays virtual reality

Section Summary 6.3

Online value proposition

In addition to good content, regular updates, ease of use and downloads, good sites need to have clear and strong online value propositions. OVPs require a lot of thought and refining. The hard work is rewarded, as a good OVP distinguishes your site and also, simultaneously, helps to focus the marketing effort and the customer's mind.

6.4 Customer orientation

Defining, first, the purpose of your web site and second, your audience, are fundamental stages of web site development. The answers drive the kind of content required; content drives the form required; and form drives the structure of the site. Usability and accessibility as defined at the start of this chapter are also key elements of customer orientation.

There are many different types of audience, including your competitors, shareholders, employees, the press and customers, to name a few (Table 6.1). *Customer orientation* is about trying to achieve the impossible – trying to provide content to appeal to a wide range of audiences. It's also about prioritizing your content for your key audiences and their key needs. Look at www.cisco.com, www.ibm.com and www.ni.com as examples of B2B sites that efficiently connect their audience with the information they need. In this section, we focus on the core audience – different types of customer.

Table 6.1 Different types of web site audience

Customers vary by	Staff	Third parties
New or existing prospects personas (Chapter 4)	New or existing	New or existing
Size of prospect companies (e.g. small, medium or large)	Different departments	Suppliers
Market type, e.g. different vertical markets	Sales staff for different markets	Distributors
Location (by country)	Location (by country)	Investors
Members of buying process (decision makers, influencers, buyers)		Media students

As far as customers are concerned, you must remember that your web site exists for one reason and one reason only – to help customers. The big question is 'How can my web site help my customers?'

A customer-orientated web site starts with customers and their needs. The site will not only fulfil basic customer needs, it may even delight customers by fully understanding and satisfying the different needs that different customers have. So ask customers! Use live feedback tools like those we mentioned in Section 6.1. Try thinking about the types of services you can offer customers. Identify their key tasks and goals and make these options prominent. These may be services you offer already such as giving the status of an order, new added-value services that don't cost much, or there may be new services that customers can operate themselves. Also ask customers what they think of your existing site. Ask them how you can improve your web site – what would they like to see there?

Rosenfeld and Morville (2002) suggest four stages of research that help achieve customer orientation:

1. Identify different audiences
2. Rank importance of each to the business

3 List the three most important information needs of each audience
4 Ask representatives of each audience type to develop their own wish lists.

Customer orientation can create competitive advantage. Customer-oriented web sites are relatively rare compared to product-orientated web sites. Product-oriented web sites tend to show lots of products (or services) and their features. Benefits are buried, as are any attempts to identify customer needs. Product benefits are never matched to specific customer needs. These sites never ask 'How can I help my customer?'

Although we have said we want to provide content to appeal to a wide range of audiences, providing detailed content to all audiences may well be undesirable (since our messages to priority target segments may be diluted) or impractical (resources are limited). So we need to ask on which key audiences should we concentrate resources? A good starting point is to ask the question, 'Who is my ideal customer?'

Digital Marketing Insight

Distinguish potential buyers from other types of site visitor

Bryan Eisenberg, author of *Call to Action* and *Waiting for your Cat to Bark*, recommends distinguishing potential buyers from other types of site visitors. He says (2011): 'Stop thinking of your traffic in terms of number of visits or visitors. That metric sucks! All that matters is potential buyers and actual buyers. Everything else just inflates egos.'

There are *three types of visitors* who can come to your web site:

1 *Buyers.* You know who they are because they converted to a sale or lead.

2. *Potential buyers.* These are visitors who are in the market for what you offer, but for any number of possible reasons, don't buy. They may be at earlier stages in the buying process, doing research to sell it internally, not adequately persuaded, driven away by bad usability, etc. The upshot is, there are countless numbers of changes/improvements you can test and make to bump these visitors from potential into actual buyers.
3. *Disqualified traffic.* These are visitors who wouldn't buy no matter what (maybe they arrived at your web site by accident – they typed shingles and were looking for the medical condition, not what you put on roofs, or maybe they don't have the type of budget your product or service needs, etc.).

On a typical web site, 3 per cent of visitors are buyers and the other 97 per cent are distributed among the potential buyers and disqualified traffic.

You should be asking yourself these two key questions:

1. Of your non-buyers, what percentage are potential buyers? And how can you increase those?
2. What marketing efforts are bringing ample *amounts* of traffic, but with poor *quality* traffic; i.e. what's driving a disproportionate amount of disqualified traffic?

Section Summary 6.4

Customer orientation

A customer-oriented site provides easy access to content and services tailored for a range of audiences. But resources for content development

should be targeted at ideal customers.

Site design should allow for different levels of experience or familiarity amongst its audience, including familiarity with the Internet, the organization, its products and its web site.

6.5 Dynamic design and personalization

The most important sound in the world is your own name. Remembering customer names and their needs is a personal thing. Web sites can get personal. Internet-based personalization delivers customized content and services for the individual, either through web pages, email or push-technology. In this section, we are going to look at what *personalization* is and what its components are. This topic is also reviewed from a different perspective in Section 8.6 where the concepts of *customization, mass customization* and *individualization* are explained where we look at the example of how camping brand Blacks use personalization tool Barilliance.

Marketers have a dream opportunity – to personalize their services, and web sites in particular. Web technology, combined with database technology, increase the marketer's memory so that any number of customers can be recognized, their preferences remembered and served immediately. Cookies are the key to web personalization. When a new visitor arrives on a site, a *cookie* or small text file is placed on their computer which contains an identifier unique to them (it does not contain personal data as is commonly thought – this is securely stored in a database). When they return, they are recognized by the cookie and a personal message is automatically displayed within the page template according to their profile. Although some users do delete their cookies, if they are openly used with the option to 'remember me', they can provide a seamless, personalized experience, of which Amazon is arguably still the best example. Remember, sites are legally obliged to ask the visitor's permission to add cookies.

Personalization also helps to Sell, Serve, Speak and Sizzle:

1. *Sell.* Personalization can make it easier for customers to select their products. A customer of an online supermarket does not want to select a new shopping basket of goods each time they shop. Example: Tesco (www.tesco.com).
2. *Serve.* A customer who uses an online travel booking service does not want to have to key in the same journey details if it is a common itinerary. Instead, personalization enables them to save their itinerary. Example: Expedia (www.expedia.com).
3. *Speak.* Through personalization, a customer can select the type of communications they want to receive from a company as part of permission marketing. For example, a customer may just want to hear about major product launches via email, but not receive a weekly email. Example: Amazon (www.amazon.com).
4. *Sizzle.* All of the above can help add value, strengthen the brand and develop the relationship. Example: Dulux (www.dulux.co.uk). The Dulux brand enables visitors to save colour swatches and products to a scrapbook or project area for later access.

Note, though, that we missed out Save, since web-based personalization tends to be expensive to create and maintain. A less costly, email-based approach may be best for many companies. Personalized emails can be pushed out to customers reminding them and helping them in many different ways.

Options for Personalization

Personalization can occur through displaying different information, depending on customer-specific or dynamic environment variables. We also cover this in Chapter 8 in Section 8.6.

- *Customer or company name*. A site can be personal on a simple level by referring to returning customers by name (using cookies to remember, for which permission is required in many EU countries).
- *Country*. Sites can identify the origin of a visitor based on their *IP address* and deliver content accordingly. IBM (www.ibm.com) automatically *redirects* customers to their own country site. Amazon recommends a local site if a visitor is on www.amazon.com.
- *Customer preferences*. Personalization of content on a web site can be set up by a customer clicking or selecting different types of content. This can be used to build data collected via registration forms, questionnaires, cookies and, of course, purchases.
- *Recommendation algorithms*. This approach, often known as *collaborative filtering*, uses automatic prediction (filtering) about the interests of a visitor by collecting preference information from different users. This is arguably the most effective personalization since it is unobtrusive; Amazon is the best-known example since it gives recommendations of books based on past purchases by customers with similar interests without requiring the user to register their preferences, using techniques described in *IEEE Internet Computing* (Linden *et al.*, 2003). The basic approach outlined in the paper is:

```
For each item in product catalog, I1
  For each customer C who purchased I1-
    For each item I2 purchased by customer C
      Record that a customer purchased I1 and I2
For each item I2
  Compute the similarity between I1 and I2
```

- *News and events*. Results, surveys or press releases can be automatically posted to the site.
- *Viral personalization*. Here a user interacts with a site and personalized video clips are delivered based on a lookup of keywords typed by

visitors. Early examples of this are the Burger King Subservient Chicken viral and the Mini Aveaword campaign, where it was combined with email to send a personalized video clip urging a friend to try the Mini, based on their geography, gender, job, hobbies, name and sexual preferences (straight or gay, etc.).

- *Referrer string.* Content can potentially be personalized according to which site the visitor previously visited and, in particular, the keyphrase typed into a search engine; e.g. an insurer has used the type of insurance searched for to tailor messages for new visitors.
- *Location.* Internet phones enabled with WAP make it possible to send promotions to a customer as they pass a shop. Whether this is desirable is another matter!
- *Multivariate real-time, conversion-optimized personalization.* Some systems use a combination of the variables above and then use a series of promotional containers to present the most relevant promotion, which is predicted to have the highest clickthrough rate, conversion rate or average order value for an individual customer. An established example of these approaches is Omniture's Touch and Target. Note, however, that personalization can be expensive to implement. It requires complex software and up-to-date databases. As such, it is most commonly used by retailers and major media owners that hope to have frequent interactions with customers and can demonstrate the returns. However, we predict that lower-cost personalization approaches will become widespread.

Online Retail Merchandising

For online retail site owners, merchandizing is a crucial activity, in the same way that it is for physical retail store owners. In both cases, the aims are similar – to maximize sales potential for each store visitor. Online, this means presenting relevant products and promotions to site visitors which should help boost key measures of site performance such as conversion rate

and average order value. You will see that many of these approaches are related to the concept of *findability*. Some of the most common approaches used are:

- *Expanding navigation through synonyms*. Through using a range of terms which may apply to the same product, the product may become easier to find if a site visitor is searching using a particular expression.
- *Applying faceted navigation or search approaches*. Search results pages are important in online merchandizing since conversion rates will be higher if relevant products and offers are at the top of the list. *Faceted navigation* enables web site users to 'drill down' to easily select a relevant product by selecting different product attributes.
- *Featuring the bestselling products prominently*. Featuring strongest product lines prominently is a common approach, with retailers such as Firebox (Figure 6.11) showing 'Top 10' or 'Top 20' products.
- *Use of bundling*. The classic retail approach of buy-one-get-one-free (BOGOF) is commonly applied online through showcasing complementary products. For example, Amazon discounts two related books that it offers. Related products are also shown on the product page or in checkout, although care has to be taken here since this can reduce conversion rates.
- *Use of customer ratings and reviews*. Reviews can be important in influencing sales. See Chapter 3, Section 3.7 for Reevoo.com. Meanwhile, research in 2006 from online ratings service Bazaarvoice showed that for one of its clients, CompUSA, the use of reviews achieved:

    - 60 per cent higher conversion
    - 50 per cent higher order value
    - 82 per cent more page views per visitor.

- *Use of product visualization systems*. These systems enable web users to zoom in and rotate on products.

Section Summary 6.5

Dynamic design and personalization

Personalization delivers customized services through web pages and email and rich media containers. Personalization can be triggered through several dynamic variables, including: customer preferences, dates, events and locations. The jury is still out on the value of personalized web sites. It may work for some situations such as media sites, portals or complex e-tail catalogue sites. Remembering names shows respect. Recognizing customers and their preferences sows the seeds of good relationships and better business. The database is vital to this.

6.6 Aesthetics

Aesthetics = Graphics + Colour + Style + Layout and Typography

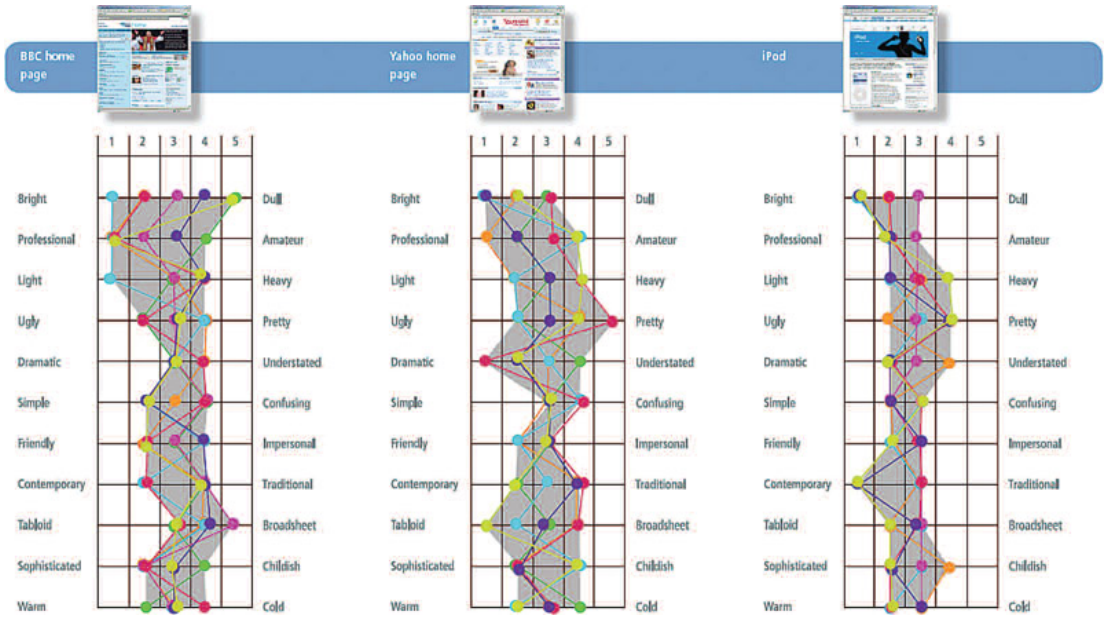

Figure 6.13 Emotional response testing example

Source: cScape (www.cscape.com)

As we noted at the start of this chapter, effective web site design includes both form and function. Form means the aesthetics created by the visual design and function means interaction, navigation and structure. In this section, we're going to look at aesthetics – its components and the constraints. A site with powerful aesthetic appeal can help communicate a brand's essential values. The use of graphics, colour, style, layout and typography creates aesthetics. Together, these create a personality for the site.

Site Personality

Words we could use to describe site personality are just as for people: formal, fun or engaging, entertaining, or professional and serious. This should be consistent with the brand. Emotional response testing can be completed by comparing well-known sites in a category against existing or proposed site sections as part of user-centred design. Figure 6.13 shows how this can be analyzed through research of customer perception.

We like the way Rohit Bhargava of Ogilvy New York describes brand personality.

> ***Personality is the unique, authentic, and talkable soul of your brand that people can get passionate about.***
>
> ***Personality is not just about what you stand for, but how you choose to communicate it. It is also the way to reconnect your customers, partners, employees, and influencers to the soul of your brand in the new social media era.***
>
> ***(Bhargava, 2008)***

We think the examples of Ultralase (Figure 6.5) and Swiftcover (Figure 6.10) are good examples of a visual design with personality. But personality as

Bhargava describes it is more than this; it also makes the brand shareable. Harley-Davidson (Figure 6.3) is a better example of this, perhaps.

Site Style

Some sites are information-intensive and other sites are graphics-intensive. *Information-intensive sites* may appear cluttered because of the amount of text blocks, but the intention is to make best use of screen real estate and project an image of information depth and value to the visitor. Retail sites often fall into this category. Tests by Amazon showed that they generate best average order value with a design with many containers in left and right sidebars and with the option to scroll several times – there is simply more opportunity to connect a diverse audience with relevant products and promotions as they scan and scroll. However, where product range is more limited, as with Ultralase and Swiftcover, it is often found that simplicity is more effective, particularly at the level of the home page. With *graphics-intensive* sites, there is relatively little text; graphics and animations are used to create an impression. Fast-moving consumer goods (FMCG) brand sites often use this approach also. It's a matter of balance, which is best established through testing.

What are the Design Constraints?

There are many design constraints or challenges under which web designers operate. Unfortunately, the list of constraints is long and sometimes neglected, to disastrous effect:

1. *Modems and download time.* Although broadband access is growing rapidly, good designers optimize graphics for fast downloading and then test, using a slow modem across phone lines. Remember, the top sites download in less than a second. Also remember the four-second

rule of thumb which shows that the majority of initial visitors to a site will not hang around to wait for it to download if it takes longer than this.

Practical Digital Marketing Tip

Decreasing download times – does your site pass the four-second rule

Research from Akamai (2006) shows that content needs to load rapidly – within four seconds, otherwise site experience suffers and visitors will leave the site. The research also showed, however, that high product price/shipping costs and problems with shipping were both considered more important than speed. However, for sites perceived to have poor performance, many shoppers said they were less likely to visit the site again (64 per cent) or buy from the e-retailer (62 per cent). Surprisingly, slow download speeds are still a problem which impacts on conversion. Smart Insights (Soames, 2012) gives the example of Walmart which showed that the conversion rate fell dramatically from one to four seconds, but due to technology constraints, one in two visits had at least one page download in more than four seconds.

These practical tips for designers, developed by accessibility specialist Trenton Moss (2004), show how approaches to coding pages can make a difference. So make sure your site designers optimize for speed, not simply focusing on visual design.

1. Lay out your pages with cascading style sheets (CSS), not tables
2. Don't use images to display text
3. Call up decorative images through CSS
4. Use contextual selectors (use classes to format)
5. Use shorthand CSS properties

6 Minimize white space [within code], line returns and comment tags
7 Use relative call-ups
8 Remove unnecessary META tags and META content
9 Put CSS and JavaScript into external documents
10 Use / at the end of directory links.

2 *Screen resolution.* Today a tiny proportion of desktop users have lower screen resolutions of 640 × 480 or 800 × 600 pixels; the majority have 1024 × 768 pixels or greater. But if designers use resolutions much greater than the average user, the screens may be difficult to read for the majority and, as we will see in the final section of this chapter, mobile design is becoming more important. *Fluid designs* (also known as adaptive design) may be best for retail sites where the design maximizes the space on the screen – fitting more above the fold on higher screen resolutions. However, designers of brand sites often prefer *fixed designs* where they have more control over the visuals. Some site designs, such as Kelkoo, give users the choice.

3 *Number of colours.* Some users have monitors capable of displaying 16 million colours, giving photo-realism, while others may only have the PC set up to display 256 colours.

4 *Browsers.* Different types of *web browser* such as Microsoft Internet Explorer, Mozilla Firefox and Apple Safari and different versions of browsers such as version 6.0 or 7.0 may display graphics or text slightly differently. An e-commerce site tested under one browser may fail completely under another. Make sure your designers test their designs against different versions of web browsers using a tool like BrowserCam (www.browsercam.com). Many don't, but should!

5 *Plug-ins and download time.* If the site requires *plug-ins* that the user doesn't have, you will be cutting down the size of your audience by the number of people who are unable or unprepared to download these plug-ins. Only use standard plug-ins such as Macromedia Flash or Windows Media Player which are pre-installed on PCs.

6 *Font sizes.* Choosing large fonts on some sites causes unsightly overlap between the different design elements. The facility for the user to change font size is required for accessibility, so test tolerance of a design for text resizing.
7 *Platform.* Sites are increasingly viewed via mobile phones or handheld devices like the PlayStation Plus. Different stylesheets can be provided for different platforms or view modes, such as printing or without images. But effectively, web pages have to be repur-posed for mobile use.

As a result of these constraints, design of web sites is a constant compromise between what looks visually appealing and modern and what works for the older browsers, with slower modems; i.e. the *lowest common denominator*.

What are the implications of all these constraints? Although many professional site designers will work within these constraints, it is best to be upfront about the platforms you are targeting. The briefing or requirements specification should specify the target environments such as screen resolutions, browsers and platforms.

Visual Design

As the Digital Marketing Insight box below shows, first impressions are important, whether it's meeting in the real world or via a web site. The visual design of a site is important to establishing trust and sets the tone for the future experience.

The biggest error with visual design is getting the balance wrong. Designers need to create a balanced visual design which is visually appealing, but also works for accessibility, usability, persuasion and branding! One way to help achieve this is to use different parts of the screen to achieve these elements. It used to be said by Jakob Nielsen himself (2000a) that 'Flash is 99% bad'.

While Flash became more popular between then and now, we can today arguably use this expression. The reason is that platform providers such as Facebook and Google want to use open, accessible formats that web users can access without downloading additional plug-ins. They now take steps to block Flash, so it's best to use open animation formats.

Colour

The combination of colours used is important since they create a feeling about the site and brand. Colour schemes need to be right; i.e.

- Right for a personality which fits the target audience
- Right for a colour scheme that fits the brand
- Right for usability and accessibility.

Different colour temperatures evoke different feelings – between warm reds and oranges and cold blues and greens which can be helpful to give a more professional look. Of course, each colour has a different meaning or symbolism. For example, in Western cultures, red is vibrant and passionate, indicating love and danger, while blue contrasts and indicates reliability. But you need to be careful about local interpretation. See www.princetonol.com/groups/iad/lessons/middle/color2.htm for examples of colour symbolism in different cultures.

Complementary colours which are opposite each other on the colour wheel need to be used carefully and may cause problems with accessibility. The primary complementary colours are: red and green; blue and orange; and yellow and purple. Contrasting colours which are not necessarily opposite each other on the colour wheel tend to produce a vivid (if not garish) effect. When considering text on a background colour, for accessibility, high contrast is positive; tinted background boxes are also useful for highlighting content you want visitors to read such as a call-to-action. The Unilever

corporate site (www.unilever.com) shows how a dominant colour can be used in each site section and this site also makes use of contrast.

Another issue to consider is white space (or background tints). White space can increase the visual appeal of a page and increase usability. However, it is again a balance, since the site visitor will need to scroll down more for content.

But whatever colour scheme you use, you need to make sure it's tested for accessibility; for example, through colour-blindness simulators such as www.etre.com/tools/colourblindsimulator/, which tests for the three types of colour blindness (protanopia, deuteranopia, tritanopia).

Digital Marketing Insight

How long do you have to make an impact?

Research suggests that visitors can decide ultra-fast on whether they like a site, not in two seconds, but 50 milliseconds (that's 0.05 of a second). A summary of the research by Gitte Lindgaard (Lindgaard *et al.*, 2006) of Carleton University in Ottawa, published in the *Journal of Behaviour & Information Technology*, says:

> ***The lasting effect of first impressions is known to psychologists as the 'halo effect': if you can snare people with an attractive design, they are more likely to overlook other minor faults with the site, and may rate its actual content more favourably.***
>
> ***This is because of 'cognitive bias'. People enjoy being right, so continuing to use a website that gave a good first impression helps to 'prove' to themselves that they made a good initial decision.***
>
> *(Lindgaard* et al.*, 2006)*

The research by Lindgaard *et al.* (2006) presented volunteers with a glimpse of web pages previously rated as being either easy on the eye or particularly jarring, and asked them to rate the web sites on a sliding scale of visual appeal.

Even though the images flashed up for just 50 milliseconds, roughly the duration of a single frame of standard television footage, their verdicts tallied well with judgements made after a longer review.

Further research by Haynes and Zambonini (2007) has shown a curve of visitors to museum sites that shows a peak (of visitors clicking) at about two to three seconds after page load. So this is a good indication of how long you have to get your message across. Based on this, a boxing analogy seems apt – you need to achieve a one-two punch. First you need a high-impact home page, which is relatively simple, but then follow up with a knockout punch on a second-level page or further down the main page, which is the detailed proposition which prompts conversion through the range of benefits, features, and testimonials that your offer is so good it will convince visitors to buy.

Typography

The power of typography in adding to the visual appeal and persuasive power of a web site is often underestimated. Here are some practical tips to consider.

Practical Digital Marketing Tip

Typography Dos and Don'ts

Econsultancy (2007) recommends these approaches to typography best practice.

1. Use a consistent typography throughout a site. This will typically be enforced through cascading style sheets.
2. Limit the use of different font types and sizes.
3. Sans-serif font styles such as Arial or Verdana tend to work best on the web, as they look sharper on the screen and are therefore easier to scan and read (unlike print where the reverse is true). Sans-serif is by far the most popular approach online. But a visit to the *New York Times* (www.nytimes.com) shows that the use of serif fonts can make the site appear more distinguished – it affects the site personality.
4. Left-justified text works best in web browsers and is best for legibility.
5. The widespread use of images for rendering text in headlines and navigation is generally discouraged for accessibility and search engine optimization reasons (search engines read text, not images), but exceptions include text used in branding, promotions and certain sites where an immersive experience is required.
6. Where images are used for text captions, alternative text commonly known as 'alt tags' should be provided for accessibility reasons.
7. Create separate design requirements and a test schedule for the rendering of fonts in different browsers.

Checklist for Excellence in Web Typography

- ☑ 1 Never use underline in body text as a reader will think it's a hyperlink.
- ☑ 2 Avoid extensive use of italics as it is difficult to read on screen, but they can add variety.

☑ 3 Agree a standard for capitalization of headlines and link text. Generally, sentence case: 'Amazing new product released' is best since it is most scannable. Title case 'Amazing New Product Released' and all caps are ugly (and more difficult for readers to scan). However, all caps can be attention-grabbing if selectively used.

☑ 4 Headlines longer than three or four words may work best for SEO purposes, so ensure that font type size is not too large to support this, or allow the design to support wrapping or sub-headlines.

☑ 5 Remember that many web browser users will increase their type sizes, so check that the design renders gracefully as type is enlarged (at least by a small amount).

☑ 6 The difference between heading point sizes has a distinctive effect on design. Use a small difference between them for a smooth effect and a large difference for a more distinct design.

☑ 7 Where possible, avoid pages where the text content stretches across the full width of the browser, especially in fluid layout designs. Splitting the content into columns will vastly increase readability and is more in line with how people read articles and content in newspapers and magazines.

☑ 8 Standard fonts should be specified in the stylesheet(s), which allows a designer/developer to specify the font order in which the web browser should try and render the size. Using CSS also allows for simple and quick site-wide changes to the fonts displayed.

☑ 9 Scalable Inman Flash Replacement (sIFR) is available for implementing non-standard fonts in site headings. sIFR (www.mikeindustries.com/sifr/) is an SEO-friendly approach for using more imaginative typography on sites. For headings, which are important for SEO and the main application of sIFR, the text is still specified as <h1>, <h2>, etc.

Using CSS to separate site style from design and create more engaging experiences

Visit CSS Zen Garden (www.csszengarden.com) (Figure 6.14), which shows how CSS can be used to separate presentation from content. Select the different designs from the right sidebar on the site to see how the design changes radically while the content remains the same.

Cascading style sheets enable different style elements to be controlled across an entire site or section of site. Style elements that are commonly controlled include:

- Typography
- Background colour and images
- Borders and margins.

For example, CSS will use this syntax to enforce the standard appearance of body copy on a site:

CSS Zen Garden
A demonstration of what can be accomplished visually through CSS-based design. Select any stylesheet from the list to load it into this page.
Download the sample html file and css file
Select a Design
Under the Sea! by Eric Steltz
Make 'em Proud by Michael McAghon and Scotty Reifsnyder
Orchid Beauty by Kevin Addison
Oceanscape by Justin Gray
CSS Co., Ltd. by Benjamin Klemm
Sakura by Tatsuya Uchida
Kyoto Forest by John Politowski
A Walk in the Garden by Simon Van Hauwermeiren
Archives
The Road to Enlightenment
Littering a dark and dreary road lay the past relics of browser-specific tags, incompatible DOMs, and broken CSS support.
Today, we must clear the mind of past practices. Web enlightenment has been achieved thanks to the tireless efforts of folk like the W3C, WaSP and the major browser creators.
The css Zen Garden invites you to relax and meditate on the important lessons of the masters. Begin to see with clarity. Learn to use the (yet to be) time-honored techniques in new and invigorating fashion. Become one with the web.
So What is This About
There is clearly a need for CSS to be taken seriously by graphic artists. The Zen Garden aims to excite, inspire, and encourage participation. To begin, view some of the existing designs in the list. Clicking on any
Participation
Graphic artists only please. You are modifying this page, so strong CSS skills are necessary, but the example files are commented well enough that even CSS novices can use them as starting points. Please

Figure 6.14 css Zen Garden

Source: www.csszengarden.com

```
body {

margin:0;

padding:0;

color:#666666;

background-color:#f3f3f3;

font-family:Arial, 'Trebuchet MS', Verdana;

font-size:70%;

background-repeat:repeat-x;
```

```
background-position:top;}
```

The benefits of CSS are:

- *Bandwidth.* Pages download faster after initial page load since style definitions only need to be downloaded once as a separate file, not for each page.
- *More efficient development.* Through agreeing site style and implementing in CSS as part of page templates, it is more efficient to design a site.
- *Reduces updating and maintenance time.* Presentational markup is stored in one place separate from the content, making it quicker to update the site globally with less scope for errors.
- *Increased interoperability.* By adhering to World Wide Web Consortium (W3C) recommendations; this helps with support of multiple browsers.
- *Increases accessibility.* Users can more readily configure the way a site looks or sounds using browsers and other accessibility support tools. The site is more likely to render on a range of access platforms like PDAs and smartphones.

Most experienced designers will use CSS today, but it's worth exploring how CSS can be used to develop different styling for different sections of a site. This opportunity is used surprisingly rarely. Visit the different sections of the BBC site (www.bbc.co.uk) and the Natural History Museum (www.nhm.ac.uk) to see how different styling can be used in different sections to create a more engaging experience.

Section Summary 6.6

Aesthetics

Aesthetics comprises graphics, colour, style and personality. Many web sites indulge in overelaborate graphics and ignore their audiences' capability, and patience, to view them. Web designers must consider the constraints of variable modems, screen resolutions, colour displays, browsers and, of course, audiences. Many designers don't like designing for the lowest common denominator, but it does give you the widest audience.

6.7 Page design

In this section, we will explore the components of good page layout. Page layouts are implemented within *content management systems (CMS)* as *page templates*. Typically, the design will be more effective if there is a different page-template design for different site sections which have different objectives. For example, it is common to have different page templates for these key page types:

- Home page
- Product or service pages
- Product category and sub-category pages for sites with multiple products
- On-site search results page
- Landing pages for bought media such as Google Adwords or marketing campaigns
- Content marketing pages, often missed, but useful for sharing resources, advice or entertainment
- Social hub page (integrating feeds and updates from different networks)
- Blog page
- Utility pages (a standard template for 'About us', 'Contact us', etc.).

Of course it is necessary for different layouts to be consistent, so common across the site are:

- Company name and logo for identity (this should link to home page)
- Menu (and sub-menus) for navigation
- Footer for reference to copyright and privacy information (usually in small text)
- Page title for content; e.g. product information.

Each of these elements should be carefully considered, not only for usability, but also for SEO, since what the text headings and links contains is important to successful SEO as we will see in Chapter 7.

Using a capable CMS is essential to the consistency and management of any large site since it will enable *content owners* in different parts of the organization to update the content they are responsible for. Some good open-source content management systems are now available, such as WordPress, Drupal and Magento (for retail sites), which offer substantial savings without compromising quality.

A good page template design will achieve:

- An aesthetic, visually pleasing layout
- Clear emphasis of different content types
- Visual hierarchy showing the relative importance of different content through size
- Prioritization of marketing messages and calls-to-action for different audiences and products for persuasion purposes
- Clear navigation options to a range of content, services and visitor engagement devices.

A mistake often made is to use a symmetrical design in which page elements don't stand out; instead, *persuasive design* advocates that users should be guided on relevant paths by larger page elements. A good rule of thumb is to achieve a 'Focus on Five' key areas of screen (or six or seven), as shown by the designs in Figure 6.5 (Ultralase) and Figure 6.10 (Swiftcover), for example.

Wireframes are used by web designers to indicate the eventual layout for web page templates by showing where navigation elements and different types of content will appear on the page. The example of a wireframe in Figure 6.15 shows that the wireframe is so called because it just consists of an outline of the page with the 'wires' of content separating different areas of content or navigation, shown by white space. Wireframes are essential for agencies and clients to discuss the way a web site will be laid out without getting distracted by colour, style or messaging issues which should be covered separately as a creative planning activity.

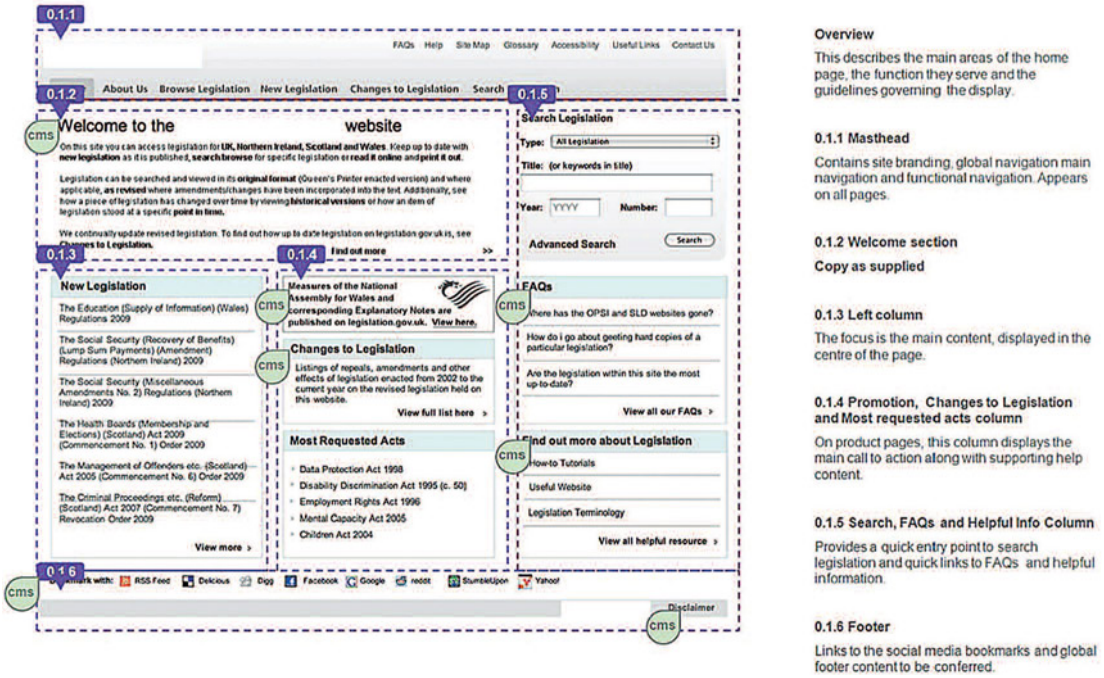
0.1.1
FAQs Help Site Map Glossary Accessibility Useful Links Contact Us
0.1.2
About Us Browse Legislation New Legislation Changes to Legislation Search
0.1.5
cms
Welcome to the website
Search Legislation
Type: All Legislation
Title: (or keywords in title)
Year: YYYY Number:
Advanced Search
Search
0.1.3
0.1.4
Find out more
New Legislation
The Education (Supply of Information) (Wales) Regulations 2009
The Social Security (Recovery of Benefits) (Lump Sum Payments) (Amendment) Regulations (Northern Ireland) 2009
The Social Security (Miscellaneous Amendments No. 2) Regulations (Northern Ireland) 2009
The Health Boards (Membership and Elections) (Scotland) Act 2009 (Commencement No. 1) Order 2009
The Management of Offenders etc. (Scotland) Act 2005 (Commencement No. 6) Order 2009
The Criminal Proceedings etc. (Reform) (Scotland) Act 2007 (Commencement No. 7) Revocation Order 2009
View more
Measures of the National Assembly for Wales and corresponding Explanatory Notes are published on legislation.gov.uk. View here.
Changes to Legislation
Listings of repeals, amendments and other effects of legislation enacted from 2002 to the current year on the revised legislation held on this website.
View full list here
Most Requested Acts
Data Protection Act 1998
Disability Discrimination Act 1995 (c. 50)
Employment Rights Act 1996
Mental Capacity Act 2005
Children Act 2004
FAQs
Where has the OPSI and SLD websites gone?
How do I go about geeting hard copies of a particular legislation?
Are the legislation within this site the most up-to-date?
View all our FAQs
Find out more about Legislation
How-to Tutorials
Useful Website
Legislation Terminology
View all helpful resource
0.1.6
Bookmark with: RSS Feed Delicious Digg Facebook Google reddit StumbleUpon Yahoo!
Disclaimer
Overview
This describes the main areas of the home page, the function they serve and the guidelines governing the display.
0.1.1 Masthead
Contains site branding, global navigation main navigation and functional navigation. Appears on all pages.
0.1.2 Welcome section
Copy as supplied
0.1.3 Left column
The focus is the main content, displayed in the centre of the page.
0.1.4 Promotion, Changes to Legislation and Most requested acts column
On product pages, this column displays the main call to action along with supporting help content.
0.1.5 Search, FAQs and Helpful Info Column
Provides a quick entry point to search legislation and quick links to FAQs and helpful information.
0.1.6 Footer
Links to the social media bookmarks and global footer content to be conferred.

Figure 6.15 Example of a wireframe

Source: www.bunnyfoot.com; © Bunnyfoot (2012)

Digital Marketing Insight

Craig Sullivan of Belron (www.autoglass.co.uk)

Craig Sullivan (2011), writing on the Simple Contraption blog, shows how wireframing can limit design through not showing interaction potential.

> ***We do basic wireframes but quickly move direct to HTML for most of our work, as our developers are brilliant. Using agile iterations and lots of rapid changes, we take the design through several cycles of test and rebuild.***
>
> ***We often try stuff out or fake interfaces, pretend things – to gain insight or push the design forward. All of course with the wonderfully rich interaction and feedback.***
>
> ***This saves us lots of time, as we can make rapid pivots or changes without so much overhead. Pivotal tracker really works as the glue for this process, keeping everyone totally in the loop as we bring it together.***
>
> ***So – we'll often be racing to fit in maximum fidelity or indeed things we're interested in exploring in the next test. Sometimes we've worked until the mornings to get stuff into 'test shape' – and by this I mean the maximum level of leap in fidelity or fixes from the previous version.***
>
> ***Once we're good enough, we go live in a split test and measure metrics (conversion, customer Net Promoter Scores, times, downstream conversion). We then go into a further cycle of optimisation. This will involve rapid rounds of using analytics, ClickTale (to view customer sessions), browser testing and generally a lot of sleuthing to find uplifts. We jockey the metrics by improving persuasion, removing browser compatibility issues that may still lurk (customers' machines are different to test PCs) and generally tightening up copy, emotion handling and any interesting stuff ClickTale finds (a lot!).***

Wodtke (2002) describes a wireframe (sometimes known as a schematic) as:

> ***a basic outline of an individual page, drawn to indicate the elements of a page, their relationships, and their relative importance.***

As well as the position of navigation, wireframes should also consider announcements or special offers, which can be more effective if they occupy a consistent position on-screen. Examples include: links to product and service information; special offers or promotions; incentives to register; contact phone numbers; company news and PR.

The limited space on a page requires: concise writing (more so than brochures); chunking or breaking text into units of five to six lines at most; use of lists with headline text in a larger font; generally never including too much on a single page.

Digital Marketing Insight

Users spend most of their time on other sites

Jakob Nielsen says:

> ***Users spend most of their time on other sites. This means that users prefer your site to work the same way as all the other sites they already know & Think Yahoo and Amazon. Think 'shopping cart' and the silly little icon. Think blue text links.***
>
> ***(Nielsen, 2000b)***

Web site designers face a difficult challenge in that they want their site to be memorable and differentiated from competitors. On the other hand, for ease of use, standardization of web features that users are familiar with is desirable. Think about the merit of these features of standardization:

- Widely used standards for labels such as Home, Main page, Search, Find, Browse,
- FAQ, Help, 'About us' and 'Contact us'
- Logo top left, hyperlink to home pages
- Main menu left margin or at top
- Signposts of content at top or top left of page
- Don't use non-standard text hyperlinks; e.g. non-underlined links.

Digital Marketing Insight

Using eyetracking to improve page layout design

According to Lucy Carruthers, usability consultant at what was Foviance (now Seren; www.seren.com), the benefits of eyetracking are as follows:

> ***Usability evaluations typically involve think-aloud protocols – whereby users describe their thoughts and actions as they carry out a set of tasks. This gives the facilitator a good view of the reasoning and driving factors behind the participant's actions.***
>
> ***However, some types of behaviours are difficult to measure efficiently with think-aloud alone because participants may not be able to verbalize part of their thought processes and/or because some behaviours never reach consciousness.***
>
> ***With eye tracking, however, we can provide insights into web design based on rigorous quantitative measures that are not possible using more traditional usability techniques.***

The heatmap example in Figure 6.16 shows that the location of headings and content pods will influence where people look. You can also see that the first part of headings and paragraphs are particularly important as visitors scan the page.

Bear in mind when evaluating a page template, that eyetracking studies of gaze trails typically show that visitors' eyes follow this path:

- Start in the centre
- Move to top left
- Move to top centre
- Move down the right column or navigation, if present
- Move to the bottom of the page.

However, these general patterns are influenced by the layout.

Figure 6.16 Example of an eyetracking heatmap

Source: www.bunnyfoot.com; © Bunnyfoot (2012)

Section Summary 6.7

Page design

Consistent layout is important. Key messages, menus, links, page size and frames versus tables all need to be considered carefully for effective web use.

6.8 Content strategy and copywriting

To create effective sites for marketing such resources requires a content strategy, since there is the challenge of delivering so many different types of content, in different forms, to different places and on different access platforms.

We define content strategy as:

> ***The management of text, rich media, audio and video content aimed at engaging customers and prospects to meet business goals published through print and digital media including web and mobile platforms which is repurposed and syndicated to different forms of web presence such as publisher sites, blogs, social media and comparison sites.***

The definition suggests these elements of content management that need to be planned and managed:

1. *Content engagement value.* Which types of content will engage the audience – is it simple product or services information, a guide to buying product, or a game to engage your audience?
2. *Content media.* These include plain text, rich media such as Flash or Rich Internet Applications or mobile apps, audio (podcasts) and hosted and streamed video. Even plain text offers different format options from HTML text to e-book formats and PDFs.
3. *Content syndication.* Content can be syndicated to different types of sites through feeds, APIs, microformats or direct submission by email. Content can be embedded in sites through widgets displaying information delivered by a feed.
4. *Content participation.* Effective content today is not simply delivered for static consumption; it should enable commenting, ratings and reviews. These also need to be monitored and managed, both in the original location and where they are discussed elsewhere.
5. *Content access platform.* There are various digital access platforms such as desktops and laptops of different screen resolution and mobile

devices. Paper is also a content access platform for print media.

Halvorson (2010) describes the importance of these activities. It can be seen that managing the creation of quality content is part of a broader customer engagement strategy which looks at delivering effective content across the whole customer lifecycle. As such, it is an integral part of the e-CRM strategy development which we cover in more detail in Chapter 8. It is also an important marketing activity affecting conversion optimization, social media engagement and SEO, so increasing attention is now directed at content strategy.

To help implement a content strategy requires a change of mindset for many companies (Pulizzi and Barrett, 2010). They need to think more like a publisher and so invest in quality content that's superior to that of their competitors. This requires:

☑ Quality, compelling content – content is still king!
☑ Quality writers to create quality content who may be internal staff or external freelance writers
☑ An editorial calendar and appropriate process to schedule and deliver the content
☑ Investment in software tools to facilitate the process
☑ Investment in customer research to determine the content their different audiences will engage with
☑ Careful tracking of which content engages and is effective for SEO and which doesn't.

Pulizzi and Barrett (2010) recommend creating a content marketing roadmap which is underpinned by the BEST principles. BEST stands for:

☑ *Behavioural.* Does everything you communicate with customers have a purpose? What do you want them to do as a result of interacting with content?

☑ *Essential*. Deliver information that your best prospects need if they are to succeed at work or in life.
☑ *Strategic*. Your content marketing efforts must be an integral part of your overall business strategy.
☑ *Targeted*. You must target your content precisely so that it's truly relevant to your buyers. Different forms of content will need to be delivered through different social platforms.

Copywriting

Copywriting for the web is an evolving art form, but many of the rules for good copywriting are as for any media. This section explores the basic rules.

Possibly the most important rule is: don't assume your visitors have full knowledge of your company, its products and services. So, don't use internal jargon about products, services or departments and avoid indecipherable acronyms!

So what should you do? How should you write copy for your web site? A simple mnemonic for web copywriting is CRABS: aim for Chunking, Relevance, Accuracy, Brevity and Scannability.

Chunking, Brevity and Scannability go together. Many visitors briefly scan pages looking for headlines; follow these by short, brief, digestible, chunky paragraphs of five or six lines maximum which can be hyperlinked to further detail for those who want to 'drill down' for more information. Other visitors scan, move on and quickly find what they need elsewhere on the site. Section 6.9 on structure and navigation explores this in more detail.

In addition to chunky, brief and scannable, the copy must be relevant and useful to the target audience. This is where 'content is king' becomes 'context is king' – relevant information available at the right time in the right place. The copy must satisfy their needs and not yours; i.e. start with benefits

instead of features. You can create benefits out of features by adding the three magic words: 'which means that' after a feature.

Remember that you are copywriting not only for your human audience, but also the search engine spiders or robots which read (index) the words you use in your copy. So words used should include keyphrases that users are likely to search on within search engines (see Chapter 7 on search engine optimization).

And as with any genuinely good writing, it must be accurate to win credibility and loyalty in the long term. Don't promise what you cannot deliver. Do not cheat customers. It kills repeat business as well as new, referred business.

So, use CRABS (chunky, relevant, accurate, brief and scannable) to write good web copy. And remember, don't leave the best until last because, first, readers who scan will miss it; and, second, some readers won't scroll.

You should also check how persuasive your copy is against Cialdini's six 'weapons of influence' which we referenced in Chapter 4, Section 4.6.

And last, but not least – don't forget nomenclature, or names, used for headings and sign-posting. Different nametags and signposts can give a very different feeling. Eyetracking research (www.poynter.org/extra/Eyetrack) suggests that on the web, customers' eyes are drawn first to the headings rather than the graphics. Test different headings to see which give the best *clickthrough*.

Digital Marketing Insight

Gerry McGovern's top ten rules of copywriting

These are ten copywriting rules from Gerry McGovern (www.gerrymcgovern.com). As you read through these, think about whether these rules apply for other media and also whether your organization achieves them on your web site.

1. *Be honest.* Paper never refused ink. Web sites never refused hype. If you can't deliver within twenty-four hours, then don't promise to.
2. *Be simple, clear and precise.* Time is the scarcest resource, so never use five sentences when one will do. Avoid jargon. People are confused enough today.
3. *State your offer clearly.* What exactly is it that you sell?
4. *Tell them about your products' limitations.*
5. *Have a clear call to action.* If they like what you have to offer how do they go about buying it?
6. *Tell them quickly if they're not a customer you can supply.* There's nothing I find more frustrating than finding out at the last moment that they can't deliver.
7. *Edit! Edit! Edit!* There has never been an article that cannot be made shorter.
8. *Give them detail.* If they feel like finding out more about a particular product feature, then give them that opportunity. (That's what hypertext is for!)
9. *Write for the web.* Avoid the customer having to download Word documents, PowerPoints or PDFs unless offered as an alternative for convenience. (Note that Google and other search engines do now index these documents.)
10. *Leave it at nine!* If you want to create a 'Ten Rules' but can only find nine, leave it at nine.

Section Summary 6.8

Copywriting

Copywriting for web sites is different to brochures and mailshots – think CRABS: chunky, relevant, accurate, brief and scannable. Watch the detail – even words used in signposts create a different feel or give a different personality to the site.

6.9 Navigation and structure

> Ease of use = Structure + Navigation + Page layout + Interaction

Ease of use is number two of the key factors that make customers return to web sites. To achieve ease of use, we need to structure our site so that users can easily navigate. *Navigation* describes how users move from one page to the next using navigational tools such as menus and hyperlinks. We also need a suitable page layout that makes it easy for visitors to find information on the page and the right types and amounts of interactivity.

This section examines structure and navigation to ensure that first, all sections of your web site are easily accessible; and second, visitors enjoy the satisfying experience of finding what they want.

Site Structure

Web site *structure* is the big picture of how content is grouped and how different pages relate to others. Without a planned structure, a site can soon end up as a 'spaghetti site'. This may leave visitors dazed, disoriented, confused and frustrated. If they cannot achieve *flow control*, they may not return.

A planned site structure with clear hierarchies will allow the user to build up a 'mental map' of the site. As we will see later, this can be reinforced by clear sign-posting and labelling.

There is a formal process that professional site designers use to create an effective structure known as an *information architecture*. Rosenfeld and Morville (2002) point out the importance of designing an information architecture when they say:

> ***It is important to recognize that every information system, be it a book or an intranet, has an information architecture. 'Well developed' is the key here, as most sites don't have a planned information architecture at all. They are analogous to buildings that weren't architected in advance.***
>
> ***They describe an information architecture as:***
>
> 1. ***The combination of organization, labelling and navigation schemes within an information system.***
> 2. ***The structural design of an information space to facilitate task completion and intuitive access to content.***
> 3. ***The art and science of structuring and classifying web sites and intranets to help people find and manage information.***
> 4. ***An emerging discipline and community of practice focused on bringing principles of design and architecture to the digital landscape.***
>
> ***(Rosenfeld and Morville, 2002)***

Creating an information architecture requires specialist techniques. For example, *card sorting* or *web classification* categorizes web objects (i.e. documents and applications) in order to facilitate user task completion or information goals. *Blueprints* are then produced which show the relationships between pages and other content components, and can be used to portray organization, navigation and labelling systems. They are often thought of, and referred to, as site maps or site structure diagrams and have much in common with these, except that they are used as a design device clearly showing grouping of information and linkages between pages, rather than a page on the web site used to assist navigation.

The depth of the site is one aspect of creating an information architecture. This is important since it will determine the number of clicks a user has to make to find the information they need. The balance is between shallow and deep.

A good rule of thumb is that, even for a large site, *three clicks* should be sufficient to enable the user to find their area of interest. Placing an order should never be more than three clicks away. That said, the analytics show us that many who buy in a considered way will take many more clicks to buy. How deep is your site?

However, site design is an art, not a science. If you selected the deep structure, you will have had your reasons – the user has more simple choices at each stage in comparison with the shallow structure. In fact, the correct answer is probably a compromise between the two!

Achieving Flow

Good web designers try to enable '*flow*'. Flow is a concept that describes the degree of control or power a consumer has over the site. If customers can easily find the information they want through clicking on menu options and graphics, they will feel in control and this will be an enjoyable experience. We can use buttons and hyperlinks within copy to help achieve flow, but this is often neglected.

Site designers need to provide a choice for site visitors in browse mode or search mode. Many retail sites now use *faceted navigation* where the number of options in each category or subcategory are shown. Retail sites also invest in *search analytics* to assess and improve the conversion rates from searches to sale. They will assess, for example, how many searches result in zero results following different types of product searches.

Navigation Rules

Here are three navigation rules for a navigational template that is used throughout the site:

1. *Keep it simple.* Not too many buttons. Psychologists who have analyzed the behaviour of computer users in labs say the magic number is seven (or fewer). Any more than seven and the user will find it difficult to choose. Seven or fewer keeps it simple. You can use nesting or pop-up menus to avoid the need for too many menus or too many menu items. Simplicity is necessary to avoid confusing the user.
2. *Be consistent.* Consistency is helpful since we want to avoid a user seeing different menus and page layouts as they move around the site. For example, the menu structures for customer support should be similar to those you encounter when browsing product information.
3. *Signposts.* Signposts help visitors by telling them where they are within the web site.

Cater for customers at different stages of the buying process – some want to see more, some want to try a sample and some want to buy right now. So 'See, Try, Buy' options can help. These can be presented in different formats – particularly when catering for customers who prefer to receive information in different formats; e.g. video (demonstration), text (often a PDF article) or actually speaking to a human (callback technology).We also need to clearly label the different folders or directories on the site so they act as a reference point for describing particular types of content on the site. A *URL strategy* specifies how different types of content will be placed in different folders.

A further example is where site owners have to make a decision how to refer to content in different countries – either in the form of sub-domain:

```
http://<country-name>.<company-name>.com or the more common http://www.<companyname>.com/<country-name>
```

Digital Marketing Insight

Jakob Nielsen on navigation

Nielsen (2000c) suggests that the designer of navigation systems should consider the following information that a site user wants to know:

- *Where am I*? The user needs to know where they are on the site and this can be indicated by highlighting the current location and clear titling of pages. This is *context. Consistency* of menu locations on different pages is also required to aid cognition. Users also need to know where they are on the web. This can be indicated by a logo, which by convention is at the top or top left of a site.
- *Where have I been*? This is difficult to indicate on a site, but for task-oriented activities such as purchasing a product, it can show the user that they are at the nth stage of an operation such as making a purchase.
- *Where do I want to go*? This is the main navigation system which gives options for future functions.

Navigation Types

Most web sites have several types of navigation. These include:

- *Global navigation.* These are site-wide navigation schemes. Examples for a B2B site are: Products, Solutions, Clients, Support. They often occur at the top or bottom of a site, but may occur down the side.

- *Local navigation*. More detailed navigation to find elements in an immediate area – for example, 'Products' may be accessed through a faceted navigation, or a carousel on a home page is a common approach (Figure 6.18).
- *Contextual navigation*. Navigation specific to a page or group of pages which may be in the body copy or in slots such as 'Related products'.
- *Breadcrumbs*. Used to indicate where the visitor is on the site. For an example, see: www.smartinsights.com/social-media-marketing/facebook-marketing/. As you navigate around this site you will see, just below the top menu, a list of pages showing where you are and allowing you to easily visit a higher point in the structure. These are so named from the trail of breadcrumbs Hansel and Gretel left in the forest to go back to their house.

On a customer-facing web site, there are a number of alternative approaches to navigation. The most important are:

- Product-based
- Organization-structure-based
- Visit-based: first-time/repeat visitor
- Task-based or need-related
- Relationship-based: customer/non-customer
- Customer-type-based
- Company need
    - Calls-to-action
    - Campaign-related
    - Branding.

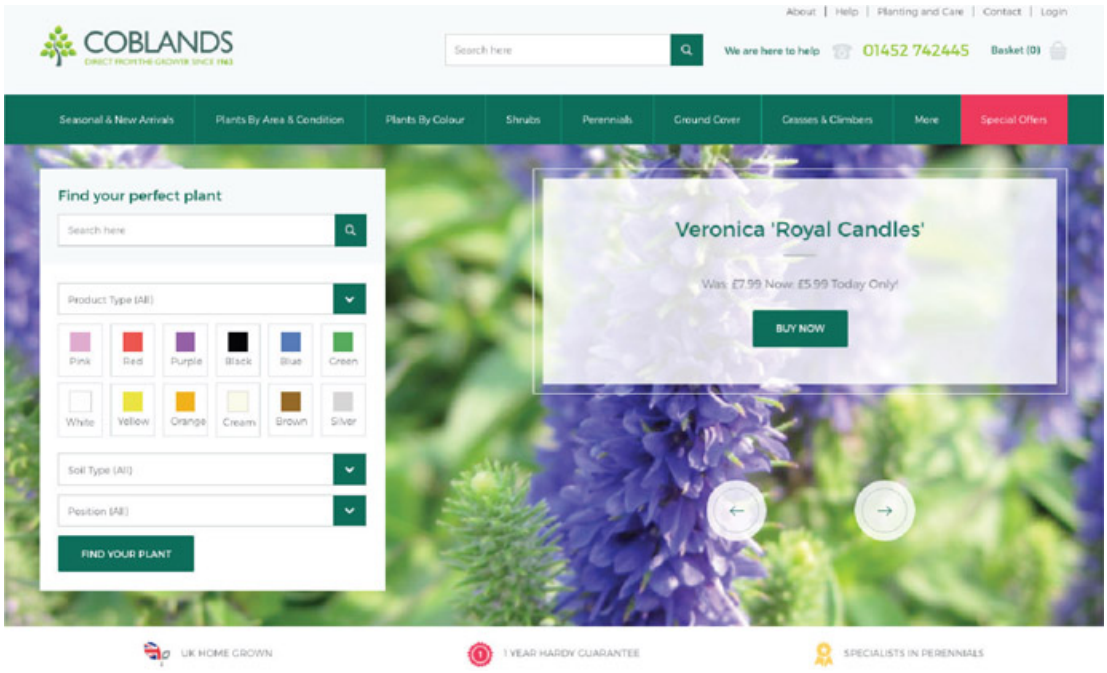

Figure 6.17 An effective carousel with labelled tabs at Coblands

Source: www.coblands.co.uk

How many of these are appropriate to your web site? How many are you missing? Note that many companies only adopt some of these, with the product-centric or organization structure common. Often, key navigation approaches may be missed, such as task-, relationship- or customer-type-based. It is always a balance between accommodating a range of audience needs and avoiding confusing visitors through too many navigation options.

Section Summary 6.9

Navigation and structure

So navigation and structure can in themselves satisfy or dissatisfy customers. You need a strong information architecture. Well-thought-through navigation options are needed to promote flow experiences. Keep

the page layout simple, consistent and clearly signposted, and you're on your way to success.

6.10 Interaction

Interaction helps to engage web site visitors by giving them some two-way communications plus greater involvement and control over their web experience. This section explores the types and benefits of interactions.

Different Types of Interaction

There are many common interaction conventions we take for granted from navigation selection on a desktop to swiping options in a mobile app. Remember that there are many other types of interactions that add to the user experience, such as simulations, calculators, crosswords, quizzes, helpful information and turbine optimizers.

The right types of interactions will reinforce brand values and boost conversions – like FedEx's delivery update service. In addition to all of these automated interactions, web sites can also have real staff interaction; e.g. where *callback* technology invites a customer to request phone contact, *live chat sessions* or *co-browsing* involving a real-time web dialogue.

Using Interactivity to Move Customers through the Buying Process

Now consider how interactions and two-way communications can help move a customer through several stages of the buying process, which was introduced in Chapter 4.

1 *Learning*. Help customers learn about you – your company, your products, features and their benefits. Interaction helps a customer to learn because involvement deepens the learning process. Interactive techniques include:

- Simulations or interactive demonstrations of products; e.g. the National Instruments Product Advisor (www.ni.com/advisor)
- Animations that explain different features or benefits of a product (e.g. www.nike.com)
- Tailoring – by product category or segment; e.g. Dell asks users to state whether they are a small, medium or large company. The site tailors itself accordingly (www.dell.com)
- Selection choice – online toy e-tailers allow selection by age of child, by type of toy and by brand (e.g. www.fisherprice.com)
- Downloads of detailed technical sheets, often presented as *PDF* files; e.g. B2B resources libraries with white papers to support different people involved in the buying decision for a complex product, such as an expensive software service
- Testimonials or case studies; e.g. www.accenture.com has client successes for each of its offerings
- 'Email a friend' facility; this can be used to alert a colleague or make them aware of a product or service.

2 *Deciding*. There are many kinds of interactions that can help customers to choose your product. Here's a small selection:

- An *interactive product selector* or sales adviser (Figure 6.18). This will help customers choose between different options if it is well-designed and not too interruptive.
- *Callback facility*. Human advice may be helpful in guiding the user through selection. To achieve this, some sites include callback facilities where a customer types in their name and phone number and specifies a time when the company should ring back.

- *Chat facility*. Some companies also include chat facilities where a human customer-service representative types an immediate response to the customer's queries. This approach is more efficient than bouncing emails between suppliers and customers over a long period. LivePerson (www.liveperson.com) illustrates this type of interaction. Co-browsing or screen-sharing can also help.
- *On-site search engines*. These help customers find what they're looking for quickly.
- They are popular features and some companies have improved conversion to sale greatly by improving the clarity of the results they return. Site maps are a related feature.
- *'Email a friend' facility*. This can be used to alert a colleague or friend or to help accelerate a shared decision on a purchase within an organization.
- Some e-tailers such as Lands' End (www.landsend.com) use a range of communications techniques to interact with the customer, including email, callback and chat (Lands' End live) – all helping the customer to decide.
- *Customer rating systems*. Incorporating star ratings and comments can add authenticity to a site and help increase conversion rates. Additional, fresh content can also help with SEO. See Superbreak (www.superbreak.com) for an example.

3 *Buying*. Leading the customer through the purchase (as shown by Figure 6.4) can help break down reluctance to buy online or *shopping cart abandonment*. Established e-tailers use techniques such as:

- Leading the customer through the purchase in clearly numbered stages
- Minimizing the number of stages

MWP
MY WEB PRESENTERS
ABOUT US PRESENTERS EVENTS BLOG
HOME SERVICE OPTIONS WHY VIDEO WORKS PORTFOLIO CONTACT US
Web presenters bring websites to life
Having trouble standing out from the crowd?
Click to Begin
We help businesses maximise online lead generation and revenue using our unique interactive video production technology
INSTANT LIVE DEMO:
To see a live demo of a web presenter on your site right now, enter your web address here and click GO
www.yourwebsiteaddress.com
GO
TESTIMONIALS
"The films have had a dramatic effect on my site. I would recommend MWP to anyone wanting to increase response on their website, and work with great people."
Owen O'Malley, CEO, TICN
PRUDENTIAL
Standard Life
HOLIDAYS
British Gas
FIND OUT MORE
BUY ONLINE
Let us know how we can help you
Name
Phone
E-mail
Message
SEND NOW
OR CALL US
0845 003 8359

Figure 6.18 MyWebPresenters

- Offering an incentive to 'buy now'
- Understanding purchasing objections and information needs at each stage of the checkout process and providing appropriate information within the checkout area
- Location selection tool – find your nearest dealer by typing in a postal or ZIP code
- Voucher systems that are printed out on a customer's printer, then redeemed in store
- Including a phone number on-site to encourage purchase by phone where the customer prefers this
- Detailed content to reassure about security and privacy.

  This remains an important, but hugely challenging, area despite the use of techniques such as usability analysis and web analytics.

4 *After-sales support.* After-sales support techniques for interactive support include:

- *Searchable FAQs* – easyJet (www.easyJet.com) has worked at improving its FAQs by analyzing online and offline customer-

service queries and then presenting FAQs when the customer selects the 'Contact us' option

- *Interactive support tools* – Epson allows customers to diagnose their problems with printers by prompting them to select their problem from pre-configured choices and then suggesting solutions (www.epson.co.uk/support)
- *Customer feedback* – after customers have used the interactive support tool, they have the option of interacting via a questionnaire on how useful the support was

  The methods used for product selection, namely callback, chat or community discussion forums, can also be used. Some companies such as Cisco have found that customers can help solve other customers' problems.

Increasingly, interaction such as product selectors (Figure 2.3) is delivered using a *Rich Internet Application (RIA)* using techniques such as *Ajax* (Asynchronous JavaScript and XML) and/or Flash. While these applications can provide a compelling customer experience, care has to be taken with respect to SEO since the search engines may not index and link to specific product pages as readily.

Finally, all the interaction techniques we have reviewed in this section can also be viewed as a means of collecting marketing research. Web stats or web logs from your site reveal customer preferences, responses and problems.

Digital Marketing Excellence

Using interactions for research

Consider these examples of how interactions can be used to gather customer intelligence:

- *Customer preferences.* Dell can see the proportion of users clicking on links to 'small, medium and large' businesses to gain an appreciation of the role of the Internet in reaching these segments.
- *Responses to promotions.* When the Carphone Warehouse analyzes response to online vouchers they can see regional differences in use of the Internet and response to promotions.
- *Customer problems.* Epson can use information from its interactive support tool to find out the type of problems customers experience with products and feed this information through into both customer service and new product development.

Section Summary 6.10

Interaction

Appropriate interactions add satisfaction, value and flow to the web site. They help customers to learn about features and benefits, choose products and enjoy better after-sales service. It's worth considering!

6.11 Mobile experience design

Mobile and Social Site Design Considerations

Making sure the mobile experience is right for customers and brands is a major consideration in web usability today. In the future, the majority of non-business web access will be by mobile – principally smartphone and tablet users. This is already the case in many developing countries. Given the

growth in smartphone adoption, many commentators such as ex-eBay designer Luke Wroblewski (Wroblewski, 2011) have suggested a mobile first design philosophy. Here, the requirements and interaction design for a web site design is mainly based on the context and use of mobile users rather than desktop users. Although this term has been widely adopted since this time, we caution that much web site use still takes place on desktop. While some everyday activities like checking email and social media do occur predominantly on mobile, typically in apps, many other activities including product purchase still occur on desktop. So there is a danger that if a 'mobile first' approach is taken, this can degrade the effectiveness of the desktop experience.

How do consumers use mobile?

Given the rate of mobile adoption, statistics on adoption in a printed book can soon be dated. To give the latest statistics, Smart Insights has a regularly updated page on mobile device adoption. Rather than giving specific statistics which could date, we present some general evident behaviours which should inform design.

- For many B2C sites, there are more mobile site visitors than desktop visitors
- For many B2B sites, there are still more desktop rather than mobile visitors since the main mode of use is during office time
- Conversion rates on mobile are significantly lower than on desktop since purchase is typically easier on desktop, so this is a consumer preference
- More than 90 per cent of consumers' mobile time is spent using apps, in activities such as checking social media, email or news. However this doesn't mean that every business should have an app as the section on the app versus mobile site decision below shows.

Co-consumption of mobile content with other media is common, with 53 per cent watching TV ('dual screening'), 49 per cent listening to music and 18 per cent reading a newspaper or magazine.

Research also shows that mobile access is the most common form of web access during the early morning and evening.

Mobile design techniques

Given the importance of mobile use it's important for marketers to understand the nuances of alternative techniques for creating digital experiences. It's not simply the case that a 'mobile first, *responsive design approach*' is always right. Indeed, larger Ecommerce brands are increasingly using the less widely discussed *adaptive design technnique*.

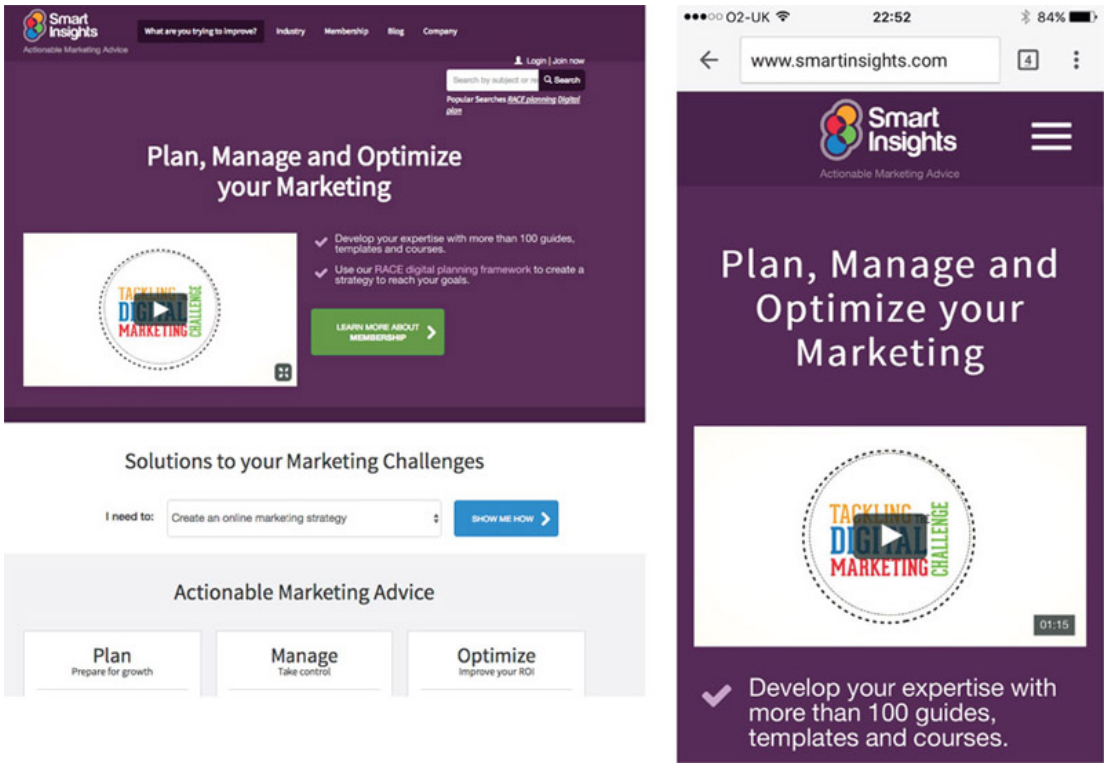

Figure 6.19 (a) Smart Insights desktop design and (b) Smartphone

Responsive Web Design (RWD) is a design technique that web developers use to design website styling that changes the display layout to suit users of a range of mobile devices using modern web development methods like CSS3 and image scaling. Blocks of content are moved and rescaled based on screen resolution as shown in the Figures 6.19a and b.

Responsive Web Design is an increasingly popular approach to building mobile sites since it enables a single version of the site and content to be maintained which adapts for different resolutions across smartphone, desktop and tablet. It was formerly called a 'fluid design' since the layout 'flows' as resolution is changed (as you change the size of a browser window for instance). Contrast this to what we still sometimes see when browsing using a smartphone on a non-responsive site: tiny text and difficult to select buttons and navigation which require us to zoom in to select the next page.

Technically speaking, RWD uses cascading styles sheets, in particular an approach called media queries to specify how the page is laid out based on device type and resolution. This will produce an improved experience for users across a range of devices without the cost of needing to maintain different mobile versions of the site. Responsive design also has the benefit that Google recommend it in their webmaster guidelines; indeed with the 'Mobile friendly' update to their algorithm in April 2015 (dubbed 'Mobilegeddon' by the press) Google favours sites which are mobile responsive within the search results on smartphones, labeling the pages 'Mobile friendly'.

However, there are limitations with RWD to be aware of such as break points where less common devices may not be supported or sites which aren't 'upwardly responsive'; i.e. high resolution displays may be less well supported than lower resolution. Disadvantages of RWD compared to traditional desktop web designs include being more technically complex to implement and test, which leads to higher costs and a larger codebase (particularly of stylesheets) to load which can harm page load times. Despite

this, it is now implemented for many new sites and site redesigns. The disadvantages of responsive design can be overcome at cost through adaptive design.

The *adaptive mobile web design* is a hybrid approach combining different client and server based logic aimed at giving the best performance with the best experience on priority devices without the speed limitations of the responsive approach. The approach is contrasted with responsive web design in the table below. You can see that by only serving code and styling need for a specific mobile device the approach can result in a faster experience, although development times and costs can be higher, so it is an approach best suited to the largest businesses.

So, adaptive is a more sophisticated approach than RWD, which involves delivering an experience optimized for handsets targeted and splits the code and processing to render on different devices between the client and the server.

Examples of adaptive design

Airline sites provide a good example of the benefits of an adaptive website. For example, if you visit the Lufthansa site while at an airport you will see that it is simpler focusing on the options for checking departures and arrival, whereas on desktop devices more options are available relevant for home access. Retail is another situation where adaptive can be beneficial. If you visit the mobile site design for retailer AO.com (formerly Appliances Online, see Figure 6.20) you will see it is quite different from the desktop version which has more detail on the value proposition and a broader range of product navigation options to better meet the needs of desktop visitors than a RWD.

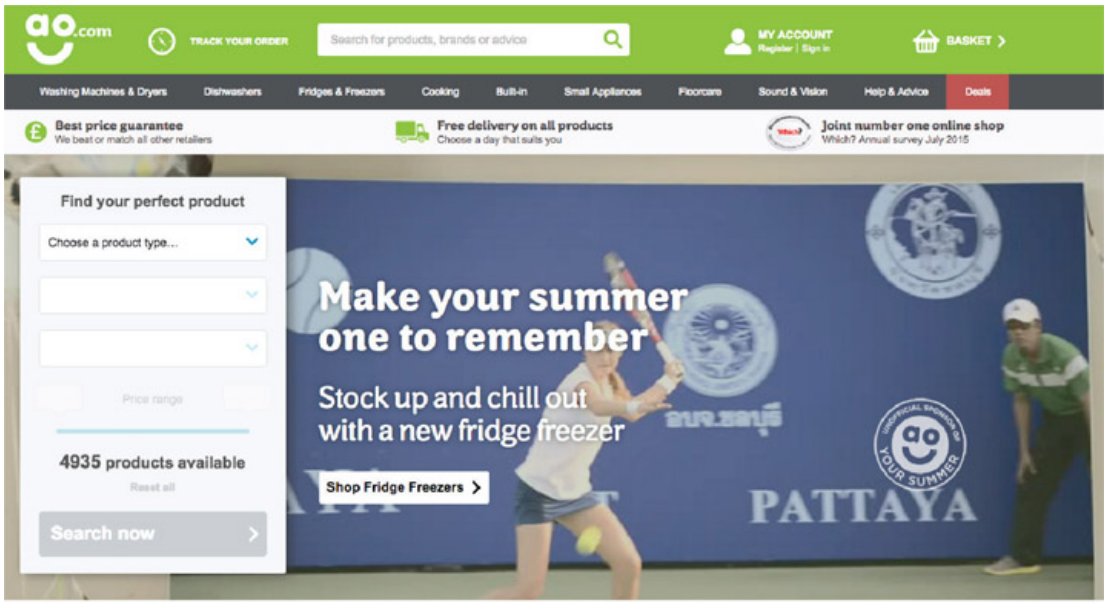

Figure 6.20AO.com explaining their value proposition using the panels below the top navigation

Source: AO.com

Table 6.2 A summary of the advantages and disadvantages of different options for mobile-optimized websites

	Approach	Advantages	Disadvantages
Responsive Web Design (RWD)	CSS Media Queries modify presentation for device resolution.	Single template for all devices gives speed and cost benefits.	Bigger page weight. Compromises experience for higher resolutions?
Client-side Adaptive	Javascript on the user's device loads different templates based on device resolution.	Complete rebuild of CSS not needed. Only resources needed loaded onto client. Experience customised for devices.	Maintenance of additional code.

	Approach	Advantages	Disadvantages
Server-side Adaptive	Dynamic serving of styles based on device detection.	Smaller mobile pages than other approaches.	Multiple templates must be maintained.

Mobile marketing options

When reviewing the requirements for mobile design, it's worth remembering the full range of mobile marketing options since this shows the context of use. We identify eight main mobile marketing options.

1. *SMS*. Due to data protection laws, you can only send a marketing SMS (text message) to someone who has 'opted in' and agreed for you to send them a message. This makes it most effective for marketing to existing customers or prospects. For example, insurance brand Confused.com uses SMS to remind prospects to act on quotes they have been given. It's important that the follow-up from these is on a landing page and forms designed for mobile.
2. *Quick Response codes (QR codes)*. QR codes allow smartphone users to access a site rapidly from a smartphone, so if you use QR codes, again, offering users a mobile experience is essential.
   Here are some examples of how they've recently been used for marketing – there are some fantastically creative ways to use them:

   - Lacoste recently used QR codes in their shop windows. When users scanned the code, they were shown further information on the collection and other pieces in the range.
   - Many magazines and billboards now use QR codes to extend the offer on the page or to encourage an impulse buy offline. This is extremely valuable for offline marketing campaigns.
   - QR codes on in-store products to add value to the product; i.e. adding a QR code to a frying pan that gives the user recipes. A QR

code scanner is needed (you can get one in mobile app stores).

3 *Bluetooth.* Bluetooth isn't a major marketing application. Bluetooth has limitations: you need to be in close proximity to a Bluetooth transmitter to receive information from it. It's also a barrier that a user has to switch on their Bluetooth before they can receive any messaging. Then there are the privacy/permission options of *bluespamming* and *bluejacking*.

   Bluetooth ads can come in a variety of formats: text, images, audio, video and, in some cases, even stuff like games. Early adopters like Wembley Stadium and Arsenal Football Club tested the platform, but they never really saw a return. We see QR codes as a more effective method of achieving interaction and response today.

4 *Mobile applications.* The launch of the Apple app store in 2007 and the exponential growth of the app and smartphone market have turned mobile applications into an extremely credible marketing opportunity, which we will look at in more detail in the next sub-section.

5 *Mobile site.* With a mobile-optimized site, the images are large, the navigation is large and easy to use. The whole experience is completely different to a standard web site. Many companies have still not invested in a mobile-specific site. But take note that the leaders like Amazon, eBay and many leading UK retailers have done so.

6 *Mobile site and app advertising.* Mobile banners work in a similar way to web banners in terms of metrics, and ads are mainly bought through specialist ad networks. Of course, Google supports mobile advertisers through its Adwords product. You can see how many are advertising on mobile through its Keyword Tool.

7 *Location-based advertising.* Geo-location or proximity-based marketing allows you to target a customer or potential customer at the exact time that they are in the vicinity of your premises with the aim of enticing them into your shop, cafe, bar, etc.

8 *Social network-based advertising.* We mention this option separately since a lot of mobile web access is within social networks, so it's another opportunity to reach your mobile audience.

Digital Marketing Insight

Mobile design requirements

Mobile marketing specialist Rob Thurner (2012) recommends these tips for brands launching mobile sites.

Best practice requirements include: content must be quick and easy to find, as mobile browsers have limited time, and often, an immediate 'intent'. Navigation is critical. Content should always be accessible within three clicks, and mobile sites should be built 'on-tracks'; i.e. scrolling should be vertical only, not horizontal. Consistency with convention will help usability. However, Thurner notes that many retailers use a standard approach where they simply list product categories with a banner promotion; the approach is not personalized.

Checklist

- ☑ 1 *User experience is fundamental.* Make sure content is quick to find and easy to navigate.
- ☑ 2 *Use handset detection software.* Once detected, redirect to a mobile-optimized site matching that handset's capabilities.
- ☑ 3 *Ensure that all other media channels drive traffic to your site.* Add SMS calls to action or QR codes on above-the-line media, mailers, point of sale materials.
- ☑ 4 *Use personalization.* Personalized content, derived from full integration with your CMS, encourages return visits.
- ☑ 5 *Evaluate payment options and optimize checkout.* Minimize steps in the checkout process to reduce drop off.

☑ 6 *Test!* Test the site prior to launch to remedy errors; test text and layout variables to optimise user experience.
☑ 7 *Monitor!* Monitor traffic and page views constantly, and refine content in real time.

Taking the mobile site versus app decision

Despite advances in web development frameworks such as CSS, the challenge of developing for different platforms has increased with the advent of new platforms such as smartphones and tablets. Consequently, key technology options include:

- Mobile-optimized version of full site using a fixed-width, e.g. for smartphone screen resolution or a responsive design that adapts automatically for different screen resolutions and sizes including desktop, tablet and smartphone
- Mobile version of site (most popular pages linking through to traditional pages)
- Separate mobile app
- Which device formats and screen sizes do we support?
- Which mobile operating systems and mobile browser versions do we support? For example, Android, Apple iOS, Symbian, Windows Mobile platforms, etc.?

Since apps can provide a more tailored experience than mobile sites, eBay and Amazon both promote the app experience preferentially. Figure 6.21 shows how eBay uses the mobile targeting capabilities of Google Adwords to encourage download.

When users first arrive on the site, they are also encouraged to get the eBay iPhone app (Figure 6.22).

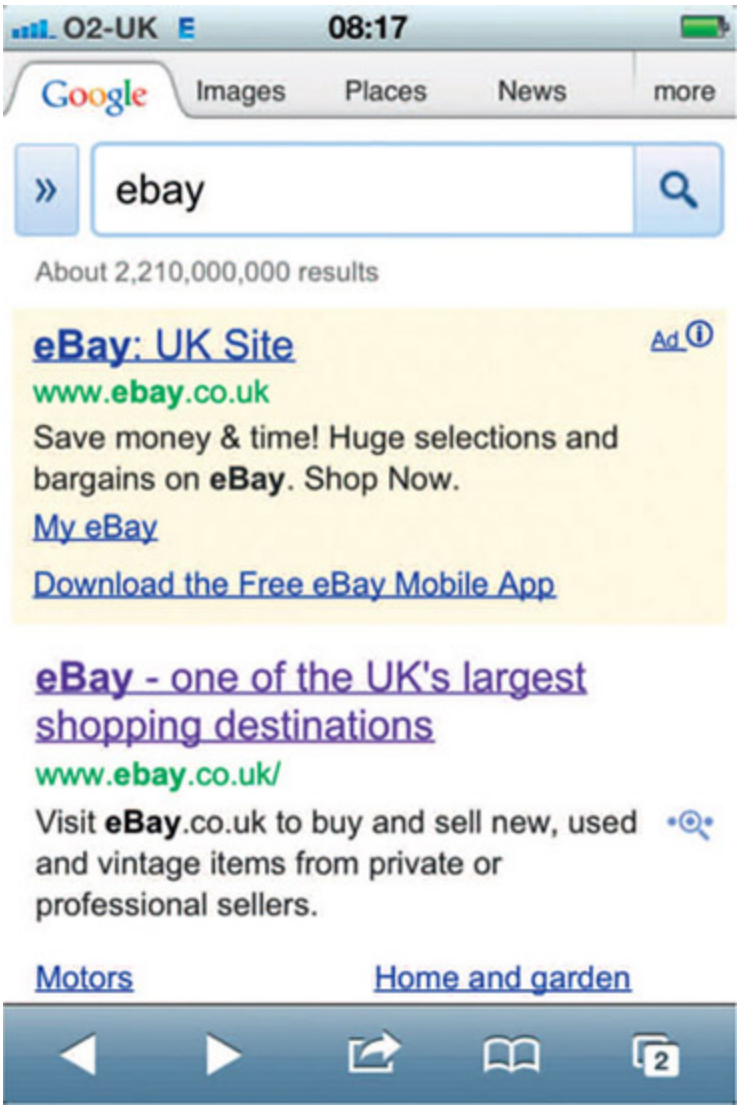

Figure 6.21 eBay within the mobile search results

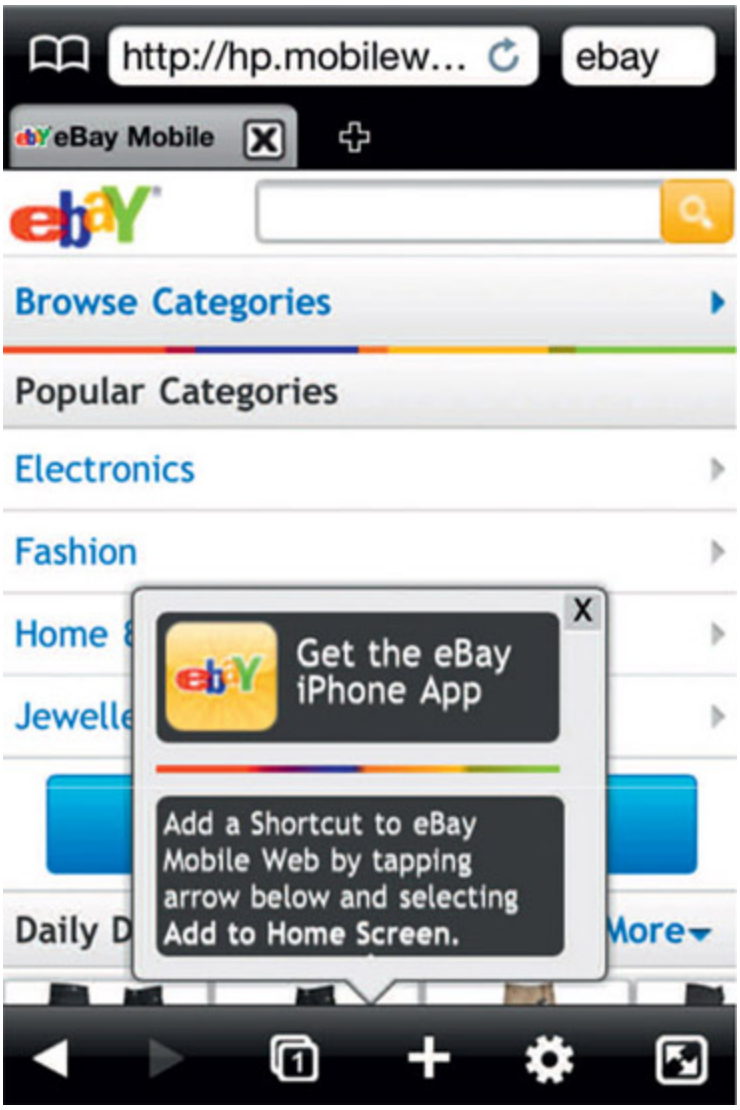

Figure 6.22 eBay UK mobile site

It will only be cost-effective for the very largest organizations to design for all of these target platforms and devices, so companies need to balance the costs against the benefits and select carefully. The decision is complicated by the improving quality of screen resolution through smartphones and tablets. Many of these now have a size that enables viewing of sites designed for desktops, although zooming and panning can be frustrating.

The challenge has been nicely summarized by former eBay designer, Luke Wroblewski, now lead designer at start-up Bagcheck, who says:

As use of mobile devices continues to skyrocket across the globe, we're seeing more ways to tackle the challenge of creating great web experiences across multiple devices. But which approach is right for any given project?

For us site performance and speed of development were crucial. So many of the decisions we made were designed to make both of these as fast as possible. As part of our focus on performance, we also had a philosophy of 'just what's necessary'. This meant [that] sending things to devices (and people) that didn't actually need them made us squeamish. We liked to optimize. With a dual template system we felt we had more optimization of: source order, media, URL structure, and application design.

(Wroblewski, 2011)

Section Summary 6.11

Interaction

Appropriate interactions add satisfaction, value and flow to the web site. They help customers to learn about features and benefits, choose products and enjoy better after-sales service. It's worth considering!

Chapter Summary

1. Site design should be determined by clear marketing objectives. Key concepts for an effective design are usability, accessibility and persuasion.
2. Web site design needs to be integrated with other marketing activities – in particular, outbound and inbound communications, buying modes and databases.
3. Each site should have a clear online value proposition (OVP) that differentiates the site from those of competitors and defines services not available in the real world which positively impact on the customers'

lives. The OVP should be communicated offline, online and on the site itself and should be delivered.

4. Customer orientation involves grouping access to content and services that meet the needs of an audience made up of different stakeholders and customer segments, with different degrees of familiarity with the Internet, the organization, its services and its site.
5. Customized services can be delivered through personalization of web pages and email. These help to build relationships as data can be gathered about customers' needs and services provided that these match needs more closely.
6. Site aesthetics are an important consideration in design since the combination of graphics, colour, style, layout and typography define a site's personality and style, which are important in branding. Designers have to work under the constraints of, and test for, many technology variations including download speed, screen resolution, browsers and plug-ins.
7. Page layout is important to providing a clear consistent message throughout the site. This is achieved through standard locations for menus, logos, names, signposts and content on page templates.
8. Copywriting for the web shares much in common with other media. 'CRABS' highlights the importance of Chunking, Relevance, Accuracy, Brevity and Scannability.
9. Ease of use is achieved by creating a sound information architecture, and then designing navigation tools and structures that enable a smooth flow for site visitors. Minimizing clicks to find content, simplicity, consistency and signposts can all help achieve this.
10. Providing interactive content in addition to static content can help support the customer throughout the buying process through product selection tools, callback facilities and direct or indirect customer-service tools.
11. Develop a usable mobile experience, considering the relevance of apps.

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Self-test

1. Explain the linkage between site design and marketing objectives.
2. Describe a scenario where on-site and offline marketing communications can be integrated to support mixed-mode buying.

3. Explain how OVP differs from USP and define the OVP for your organization.
4. How would you assess whether a web site had good customer orientation?
5. Describe the benefits of different types of personalization.
6. What are the constraints on using graphical elements to produce a site with strong visual appeal?
7. Draw a diagram summarizing the main page elements of your organization's web site.
8. Write down six rules for effective web copywriting.
9. Describe the link between web site design and supporting customers through stages of the buying process.
10. Explain the options for developing customer experiences on mobile devices. Outline the considerations which should affect the choice of option.

Chapter 7
Traffic building

> If you build it, [they] will come.
>
> *Kevin Costner's character in* Field of Dreams *(1989)*

Overview

In *Field of Dreams* (1989), the American fantasy film about building a Baseball stadium to attract fans in rural Iowa, the fantasy came true in Hollywood style, but in the real world it's tougher. Even the best designed sites will fail if there isn't proactive promotion or a powerful brand to attract visits. Products that succeed are not always the best ones, but rather, reasonably good ones that (a) everyone knows about; and (b) everyone can easily find when they need them. The same is true of web sites. This chapter shows you how to build traffic – how to acquire the right visitors to your site or other forms of online presence in order to achieve the right marketing outcomes for you. You will get a briefing on the different digital communications channels including search engine marketing, online PR, online partnerships, interactive advertising, opt-in email and viral marketing. We will also show you that to succeed with your online communications also means gaining different forms of visibility on partner sites which are themselves successful in traffic building.

Overall Learning Outcome

By the end of this chapter, you will be able to:

- Evaluate the range of options for traffic building
- Develop a plan to balance the options for traffic building
- Identify success factors for different online communications tools
- Review options for achieving positive representation on third-party sites.

CHAPTER TOPIC		LEARNING OBJECTIVE
7.1	Introduction	Assess different options for traffic building
7.2	Search engine marketing: SEO	Improve a site's organic listing in search engines using search engine optimization (SEO)
7.3	Search engine marketing: PPC	Improve a site's paid listing in search engines using search engine marketing: Pay Per Click (PPC)
7.4	Display advertising	Identify the elements of a successful online display ad campaign including programmatic and location-based ads
7.5	Native advertising	Use and test more engaging paid media placements which are better integrated into publishers' sites than conventional ads.
7.6	Online PR	Manage your reputation online through supporting journalists and maximizing your representation on portals and social networks
7.7	Online partnerships	Use link building, affiliate marketing and online sponsorships to exploit the network effect of the Internet
7.8	Opt-in email	Build traffic and relationships through opt-in email
7.9	Viral marketing	Assess the relevance of viral marketing

CHAPTER TOPIC		LEARNING OBJECTIVE
7.10	Offline traffic building	Create a balance between offline and online promotion techniques

7.1 Introduction to traffic building

Generating traffic is vital to achieving digital marketing objectives, no matter whether the aim is Sell, Serve, Speak, Save or Sizzle (see Chapter 1).

Paid, Owned and Earned Media

First, let's remind you how thinking about media as promotion as changed. We explained the difference between Paid, Owned and Earned media in Chapter 1. In the beginning, most promotion was paid advertising, direct mail, PR or word of mouth. Today there are many more options for combining Paid, Owned and Earned Media that are used to generate traffic. Owned Media, i.e. your web site, your social media platforms, your office building – places, or platforms, is where you can post your own information for 'free'. Earned Media is the most difficult, yet the most valuable type of media. This is word of mouth, conversations, comments, likes and shares. This is engagement prompted by advocacy and networks of influencers. Finally, Paid Media, is where you pay for the privilege of promoting your web site. This is advertising including search engine advertising, such as Google's dominant AdWords programme, and promoted social media content, such as 'promoting a Tweet' or a Facebook post.

What are the key characteristics of effective traffic building? In this section, we will introduce three key aspects of traffic building:

1. *Targets*. Specific objectives for traffic building need to be developed before embarking on a traffic building campaign.
2. *Techniques*. Traffic building involves combining new *digital media channels* and traditional offline communication techniques to promote the web site proposition and so encourage visits. Achieving the correct mix of traffic building techniques is vital, but difficult. Use your *analytics* systems as your ally to understand which elements of your communications mix are effective.
3. *Timing*. When should traffic building occur? Smart digital marketers include specific campaigns, perhaps to launch a site, new product or promotion, but they also make investment in a continuous *'always-on communications'* process of attracting visitors by search or affiliates. After all, online customers are looking for products, services and experiences throughout the year, not only when your campaign is live.

Digital Marketing Insight

Reviewing different types of traffic sources with web analytics

Web analytics tools like Google Analytics show the range of traffic sources and you can drill down to find individual *referring sites* or search terms by which visitors find your site.

Figure 7.1 shows a compilation across all sites globally that use Google Analytics.

- *Search traffic* – this includes both natural and paid search (Google AdWords)
- *Referral traffic* – this is traffic from other sites which have direct links to your site

- *Direct traffic* – direct traffic results from URL type-ins, bookmarks or when email marketing or social media links from apps aren't tracked
- *Other/campaigns* – other digital marketing channels like affiliates, display ads and email campaigns. Best practice is to add marketing campaign tags to the link for the landing page – search Google for 'Analytics URL Builder' to see how this works.

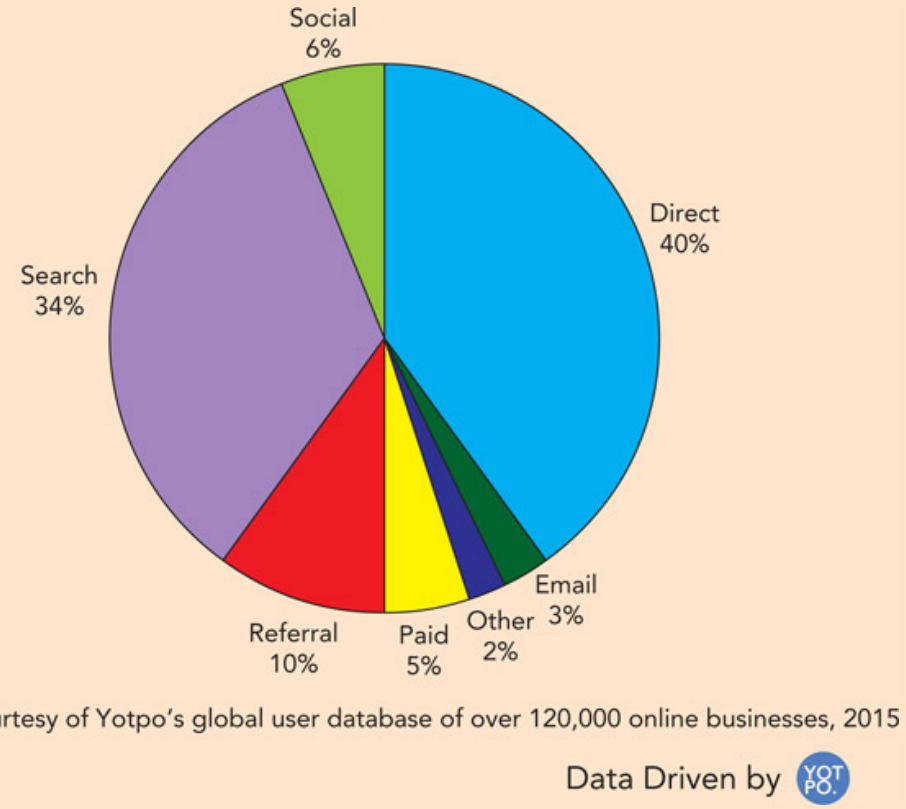


Figure 7.1 Traffic broken down by source

Source: Allen (2016)

If you use Google Analytics, you need to make sure traffic sources are tracked by adding a tag using the relevant five standard dimensions for campaign tracking; these need to be incorporated into the query string of the URL, which is after the question mark for each ad placement, as this example shows:

http://www.domain.com/landing_page.php?utm_campaign=spring-sale&utm_medium=banner&utm_source=publisher_site_name

The campaigns report in Google Analytics will then enable you to compare media. The table below explains each of these five dimensions which refers to this example:

Table 7.1 A summary of the campaign tracking parameters in Google Analytics

Variable	Explanation
utm_campaign Recommended	The name of the marketing campaign; e.g. Spring Campaign
utm_medium Required	Media channel (i.e. email, banner, CPC, etc.)
utm_source Required	The publisher or partner site name
utm_content Optional	The version of the ad (used for A/B testing) or in AdWords. You can identify two versions of the same ad using this variable. This is not always used and is NOT included in the above example.
utm_term Optional	The search term purchased (if the link refers to keywords).
	This is not always used and is NOT included in the above example.

Note that each analytics vendor has its own format for marketing source codes; we give the example of the most widely used system. It's most important that you tag each medium or channel. Google automatically adds a medium of 'CPC to its paid AdWords ads, 'organic' to natural or organic search and estimates a 'social' medium which can be made more accurate by tagging social media updates you share. It's also vital you use your email marketing system to 'tag' your marketing campaigns with the medium.

Note that each analytics vendor has its own format for marketing source codes; we give the example of the most widely used system. It's most important that you tag each medium or channel. Google automatically adds a medium of 'CPC' to its paid AdWords ads, 'organic' to natural or organic search and estimates a 'social' medium which can be made more accurate by tagging social media updates you share. It's also vital you use your email marketing system to 'tag' your marketing campaigns with the medium.

Targets

Typical traffic targets include the quantity, quality and cost of traffic. Although a successful site is often referred to in terms of quantity, such as the number of visitors, it is the traffic quality that really indicates the success of each media channel.

Remember that generating traffic is not limited to driving visitors to your own web site. Traffic building can also be effective on the third-party sites that your audience uses, including social networks. For example, a manufacturer of nappies may decide to create or sponsor a microsite on a third-party site.

Traffic quality can be assessed by asking three questions about site visitors. First, are they within the target audience for the web site? Second, do they respond in line with the communications objectives; i.e. do they engage with your content, do they receive the key messages about your brand and convert to the site outcomes you require? The third question is about the commercial return. Are you gaining value measured as Return on Investment? Remember from Section 6.1 (Practical Digital Marketing Tip box) that *bounce rate* is an excellent way to compare the quality of different referrers to different *landing pages*.

Cost can be considered in terms of the cost of getting the visitor to the site, and the cost of achieving the outcomes during their visit. Experienced online marketers control their traffic building through managing the Cost Per Acquisition (CPA) (sometimes called Cost Per Action). Depending on context and market, CPA may refer to different outcomes.

Typical cost targets include:

- Cost Per Acquisition – of a visitor *(Cost Per Click, CPC)*
- Cost Per Acquisition – of a lead
- Cost Per Acquisition – of a sale *(allowable customer acquisition cost).*

CPA is typically equivalent to Cost Per Sale (CPS), but may also apply to cost per visitor, lead or enquiry, or other type of outcome since direct product sales are not practical or appropriate for all web sites. For a car manufacturer, for example, CPA might refer to the cost of generating a brochure or test-drive request.

The value of sales should also be considered. Online retailers calculate sales value in terms of the value from the first sale *(average order value, AOV)* and campaign *return on investment (ROI).* Companies should also model *customer lifetime value (LTV).* Leading digital marketers select online referrers (i.e. choice of portal) not only by minimizing CPA, but also through maximizing new visitors with the highest potential LTV.

Techniques

The traffic-building techniques we will cover are summarized in Figure 7.2 and will give you a good framework for planning your traffic-building or digital marketing campaign activities. These are now commonly referred to by agencies as digital media channels (or digital channels for short). The skill in traffic building is using the correct mix of online techniques such as viral marketing, affiliates and search engine optimization which best fits the

media consumption of your audience and minimizes CPA. The promotional mix for traffic building typically includes a range of online and offline techniques, each with their own strengths and weaknesses, which will be explored in later sections of this chapter. Van Doren *et al.* (2000) provide an overview of the range of techniques.

Timing

Traditional advertising is based around campaigns that run for a fixed duration. Specific campaigns are also used for traffic building. These are often tied into a particular event such as the launch or relaunch of a web site. For example, a banner advert campaign may last for a period of two months following a relaunch. In addition to campaigns, there are also 'always-on' or *continuous traffic-building activities*. Companies should ensure that there is sufficient investment in continuous online marketing activities.

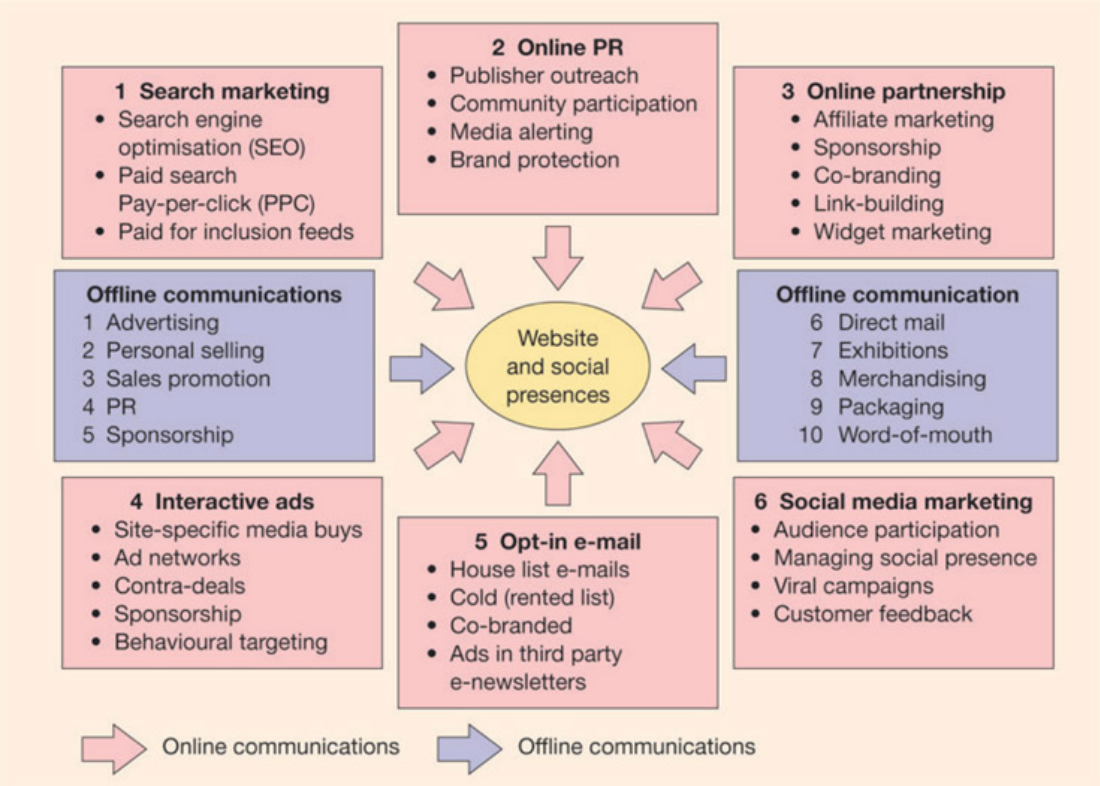


Figure 7.2 Options available in the communications mix for traffic building

Using the Best Communications Mix

Assuming you are clear about what objectives you are you are trying to achieve. There is a tactical matrix that was developed a few years ago (Smith, 2014) which is designed to trigger some discussion about which tactical tool/s in the communications mix is best for you. This matrix analyzes how good each communications tactic is at moving prospects/customers through various stages of the Lifetime Buying Process including:

- Awareness
- Consideration
- Purchase
- Post Purchase Relationship Building
- Post Purchase Repeat Sales.

The need for segmenting your customers or prospects by stage of the buying process emerges again. Now, depending on what stage of the buying cycle you are trying to move your prospects/customers through, you can consider how good each tactic is across these nine criteria:

1. *Reach* – how big an audience can it reach?
2. *Speed* – how quickly can it reach that audience?
3. *Time* – how long will it take to create and deliver this tactic?
4. *Message volume* – is there space to fit a message in?
5. *Targeting* – how granular or precise can the targeting be?
6. *Personalization* – can the tool personalize messages?
7. *Cost* – is it expensive on a Cost Per Thousand (CPT/CPM) basis?
8. *Control* – can you control the message with this tactic?

9 *Credibility* – do some tactics have more credibility or are they a better fit for the brand?

See Smith (2014).

Section Summary 7.1

Introduction to traffic building

Targeting, techniques and timing are three key aspects of traffic building and their relevance should be assessed for all techniques described in this chapter. It is traffic quality, not quantity, that really indicates the success of a traffic-building campaign. Traffic quality is high if site visitors are within the target audience for the web site and if they respond in line with the communications objectives.

7.2 Search engine marketing: SEO

Search engine marketing is arguably the most important digital marketing channel for customer acquisition. We now naturally turn to a search engine when we are seeking a new product, service or entertainment. We also turn to search when we become familiar with a new brand, either through offline advertising or direct mail or through other digital channels such as graphical display ads.

In our experience, some transactional sites can generate over half of all their new business through search, although this will depend on how well known a brand is. For a well-known brand, users may navigate directly to a site via entering the URL into the browser address bar, but they will often use the

search engine to enter the brand name URL or brand and product (known as a navigational search).

Practical Digital Marketing Tip

Assess your brand health in search, avoid hijacking

Assess how many of your visitors arrive at your site on brand-related searches and how this varies when you run cross-channel campaigns. You will need to protect your brand from brand-hijacking, where affiliates or competitors may advertise on your brand name if you don't take steps to protect it.

The challenge of search engine marketing is that businesses that can gain visibility on the first of the search engine results pages (SERPS, Figures 7.3 and 7.7) will gain more clicks than those on other pages. Even on the first page, clickthrough rates can drop from 30 per cent in the top position to 10 per cent in the third position and pages outside of the first page gain few clicks (Advanced Web Ranking, 2016).

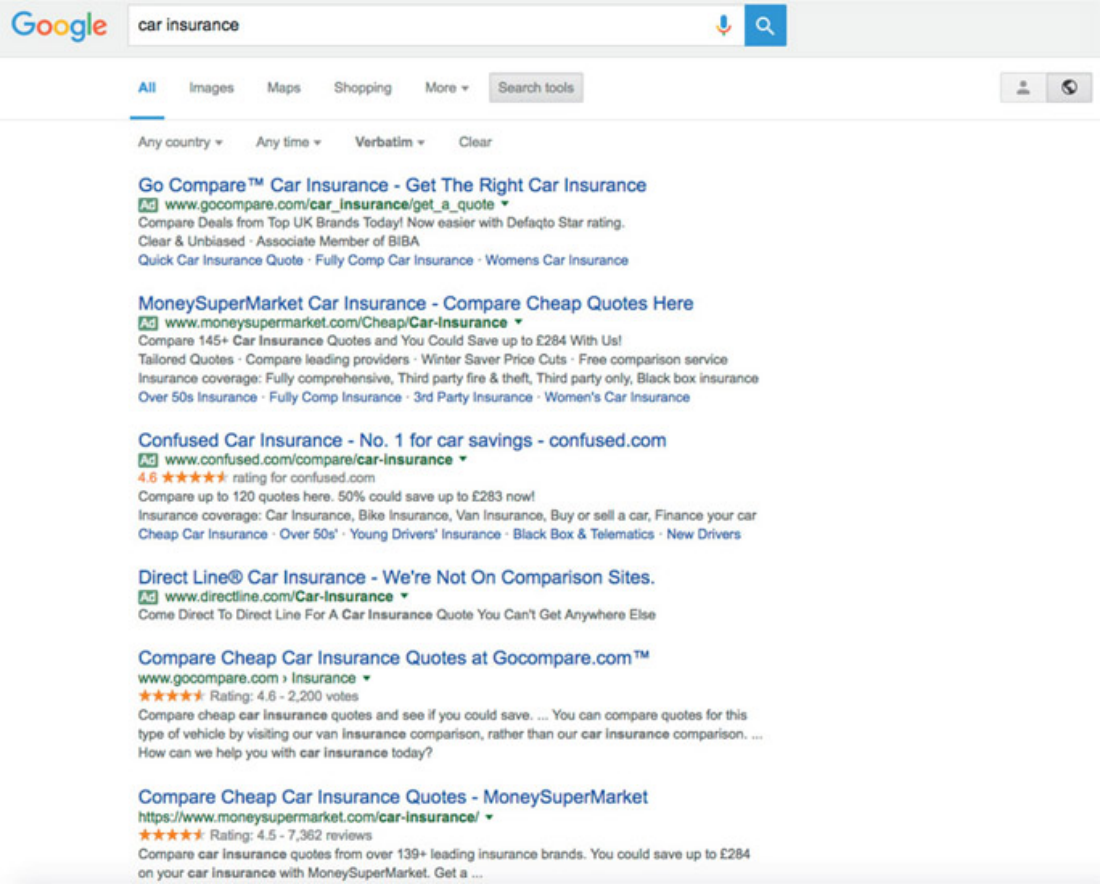

Google
car insurance
All
Images
Maps
Shopping
More
Search tools
Any country
Any time
Verbatim
Clear
Go Compare™ Car Insurance - Get The Right Car Insurance
Ad www.gocompare.com/car_insurance/get_a_quote
Compare Deals from Top UK Brands Today! Now easier with Defaqto Star rating.
Clear & Unbiased · Associate Member of BIBA
Quick Car Insurance Quote · Fully Comp Car Insurance · Womens Car Insurance
MoneySuperMarket Car Insurance - Compare Cheap Quotes Here
Ad www.moneysupermarket.com/Cheap/Car-Insurance
Compare 145+ Car Insurance Quotes and You Could Save up to £284 With Us!
Tailored Quotes · Compare leading providers · Winter Saver Price Cuts · Free comparison service
Insurance coverage: Fully comprehensive, Third party fire & theft, Third party only, Black box insurance
Over 50s Insurance · Fully Comp Insurance · 3rd Party Insurance · Women's Car Insurance
Confused Car Insurance - No. 1 for car savings - confused.com
Ad www.confused.com/compare/car-insurance
4.6 rating for confused.com
Compare up to 120 quotes here. 50% could save up to £283 now!
Insurance coverage: Car Insurance, Bike Insurance, Van Insurance, Buy or sell a car, Finance your car
Cheap Car Insurance · Over 50s' · Young Drivers' Insurance · Black Box & Telematics · New Drivers
Direct Line® Car Insurance - We're Not On Comparison Sites.
Ad www.directline.com/Car-Insurance
Come Direct To Direct Line For A Car Insurance Quote You Can't Get Anywhere Else
Compare Cheap Car Insurance Quotes at Gocompare.com™
www.gocompare.com › Insurance
Rating: 4.6 - 2,200 votes
Compare cheap car insurance quotes and see if you could save. ... You can compare quotes for this type of vehicle by visiting our van insurance comparison, rather than our car insurance comparison. ... How can we help you with car insurance today?
Compare Cheap Car Insurance Quotes - MoneySuperMarket
https://www.moneysupermarket.com/car-insurance/
Rating: 4.5 - 7,362 reviews
Compare car insurance quotes from over 139+ leading insurance brands. You could save up to £284 on your car insurance with MoneySuperMarket. Get a ...

Figure 7.3 Google search engine results page (SERP) for car insurance

We will now review the two main search engine marketing techniques for making a company and its products visible through search engines:

1 Search engine optimization
2 Paid search marketing or Pay Per Click (Section 7.3).

Search engine optimization (SEO) involves achieving the highest position or ranking practical in the *natural or organic listings* on the search engine results pages after a specific combination of keywords (or keyphrase) has been typed in. In search engines such as Google and Bing the natural listings are below the top Pay Per Click or sponsored links since the search engines will gain more ad revenue through making the sponsored ads most prominent. The organic position or ranking is dependent on an algorithm used by each search engine to match relevant site page content with the

keyphrase entered. There is no charge for these listings to be displayed or when a link relevant to your site is clicked upon. However, you may need to pay a search engine optimization firm to advise or undertake optimization work to make your web pages appear higher in the rankings. You should always ensure compliance with the Google guidelines for ethical search marketing, as defined by their anti webspam team in the Google Webmaster Tools guidance, which are part of the 'Search Console'. Every business should ensure that its site is registered with this to check compliance with Google's guidance and to take action on any warnings issued which may affect their organic ranking, but we see many that aren't.

How are the search engine results pages produced?

To optimize your position in different search engines, it is essential to understand the basis on which SERPs are generated and ordered. Marketers who understand the ranking processes can boost their position higher than their competitors and so achieve higher levels of traffic. We believe that SEO is too important to just be left to an agency, and success in search involves training content owners and editors within a company to create content which fits the criteria used by search engines to assess relevance. Figure 7.4 shows that search technology involves these main processes:

1. *Crawling*. The purpose of the crawl is to identify relevant pages for indexing and assess whether they have changed. Crawling is performed by *robots* (bots) which are also known as *spiders*. These access web pages and retrieve a reference URL of the page for later analysis and indexing.

Practical Digital Marketing Tip

Advanced SEOs review robot footsteps

Each robot leaves a signature in the web server log file of the site it visits with a unique user agent string such as 'Googlebot/2.1'. SEOs can use this signature to assess whether or how frequently a page is being crawled by different robots. Site owners can also use the Google Search Console to assess index inclusion and also identify errors such as pages that aren't crawled, mobile friendliness, perhaps because of a limitation of the content management system or broken links. The Google Search Console also has really useful insight on keywords used to find your search including clickthrough rates (CTR) in the SERPs and average position. You should integrate this with your Google Analytics.

2 *Indexing*. An index is created to enable the search engine to rapidly find the most relevant pages containing the query typed by the searcher. Rather than searching each page for a query phrase, a search engine 'inverts' the index to produce a lookup table of the documents containing particular words.

3 *Ranking or scoring*. The indexing process has produced a lookup of all the pages that contain particular words in a query, but they are not sorted in terms of relevance. Ranking of the document to assess the most relevant set of documents to return in the SERPs occurs in real time for the search query entered. First, relevant documents will be retrieved from a runtime version of the index at a particular data centre, then a rank in the SERPs for each document will be computed, based on many ranking factors – we highlight the main ones below.

4 *Query request and results serving*. The familiar search engine interface accepts the searcher's query. The user's location is assessed through their IP address and the query is then passed to a relevant data centre for processing. Ranking then occurs in real time for a particular query to return a sorted list of relevant documents, and these are then displayed on the Search Results Page.

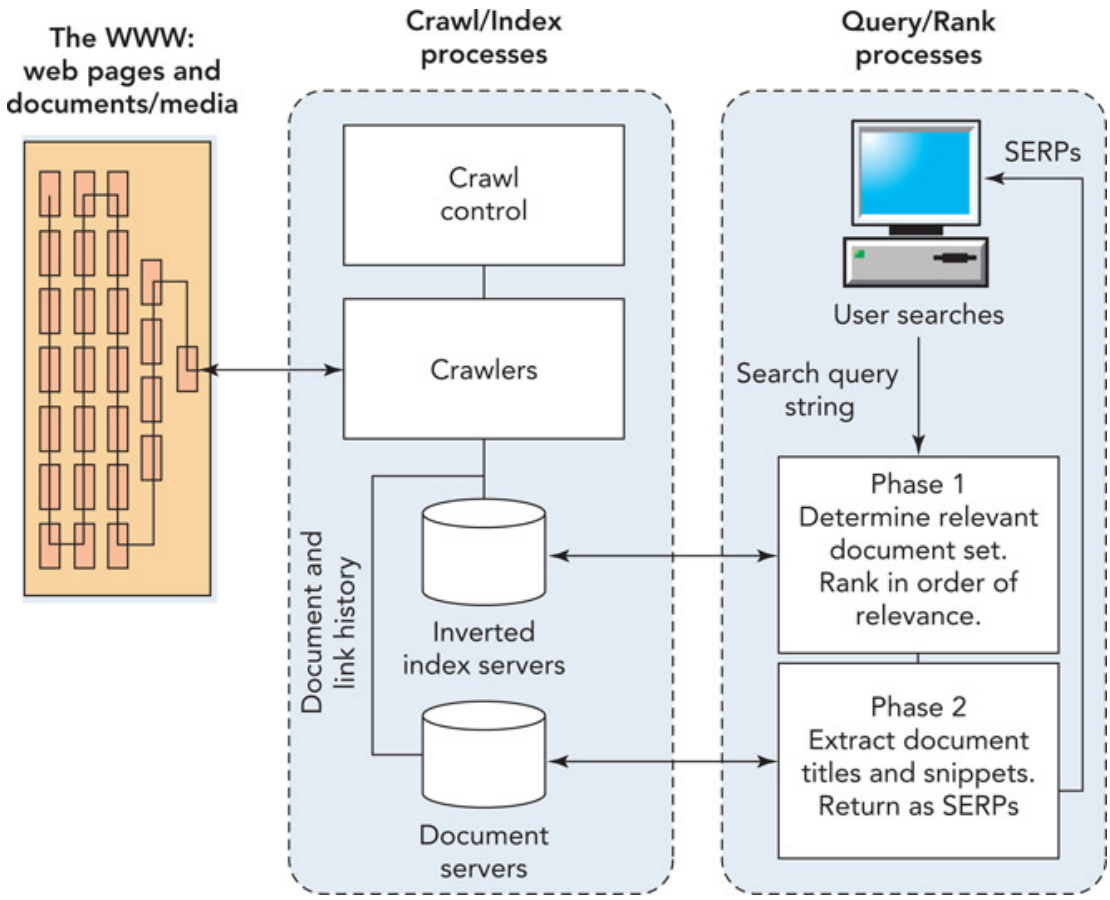


Figure 7.4 Stages involved in producing a search engine listing

Google uses around 200 factors or signals within its search ranking algorithm. These include positive ranking factors, which help boost position, and negative factors or filters which are used to remove search engine SPAM from the index where SEOs have used unethical approaches to 'game' the Google index. We will explore the most important ranking factors in a moment.

Site submission

How do you submit a new site? This is still a common question as new campaigns are sometimes still created on new domains. It is recommended that automated submission tools are not used since these can be considered

a *search engine spamming* technique. In fact, when launching a new site such as a campaign site, if you have links from other sites that are already indexed by a search engine, many search engines will automatically index your site without the need to submit a URL. For pages from a new campaign to be indexed it is often better to make the pages part of an existing site which already has authority or credibility in Google's eyes.

Keyphrase analysis

The key to successful search engine optimization and Pay Per Click is achieving *keyphrase* relevance, since this is what the search engines strive for – to match the combination of keywords typed into the search box to the most relevant destination content page. Notice that we say 'keyphrase' (short for keyword phrase), rather than 'key word' since search engines such as Google attribute more relevance when there is a phrase match on a page. Despite this, many search companies and commentators talk about optimizing your 'keywords' and, in our opinion, pay insufficient attention to *keyphrase analysis* to summarize the main consumer search behaviours.

We recommend these stages for analysis and goal-setting:

A *Demand analysis*. Identifying the popularity of each search term, its relevance to the products or services, qualified by the 'intent of the searcher' indicated by the keyphrase, and the competition on it. We recommend using two free Google tools: the Google Keyword Planner and Google Trends which are great for giving estimates on the popularity of searches for different products and brands online. A list of keyphrase analysis tools in different categories is kept updated at http://bit.ly/smartgap. You can see an example of the output from the Google Keyword Tool for terms related to car insurance in Figure 7.5.

When using this tool for analysis, it's important to realize that there are three different forms of estimate. First, broad match which shows all variants of searches related to a search term. Phrase match then shows all phrases *containing the term in sequence*, for example 'cheap car insurance'. Exact match, shown by square brackets [car insurance], gives the best idea of searchers for this phrase; this is important since a broad match gives an exaggerated idea of the number of searches. You can also see the importance of mobile search volume and it's possible to target these searches differently.

These data suggest the importance of ranking well for high-volume keyphrases such as 'cheap car insurance' and of considering products and services that target a need, such as 'temporary' or 'short term insurance'.

Other sources for identifying keyphrases include your market knowledge, competitors' sites, key phrases from visitors who arrive at your site (from web analytics) and the internal site search tool. When performing the keyphrase analysis, we need to understand different qualifiers that users type in so that we can target them in our search engine marketing.

1. *Comparison/quality* – compare car insurance
2. *Adjective (price/product qualifiers)* – cheap car insurance, woman car insurance
3. *Intended use* – high mileage car insurance
4. *Product type* – holiday car insurance
5. *Vendor or brand* – Churchill car insurance
6. *Location* – car insurance UK
7. *Action request* – buy car insurance
8. *Provider type* – car insurance company, car insurance supermarket.

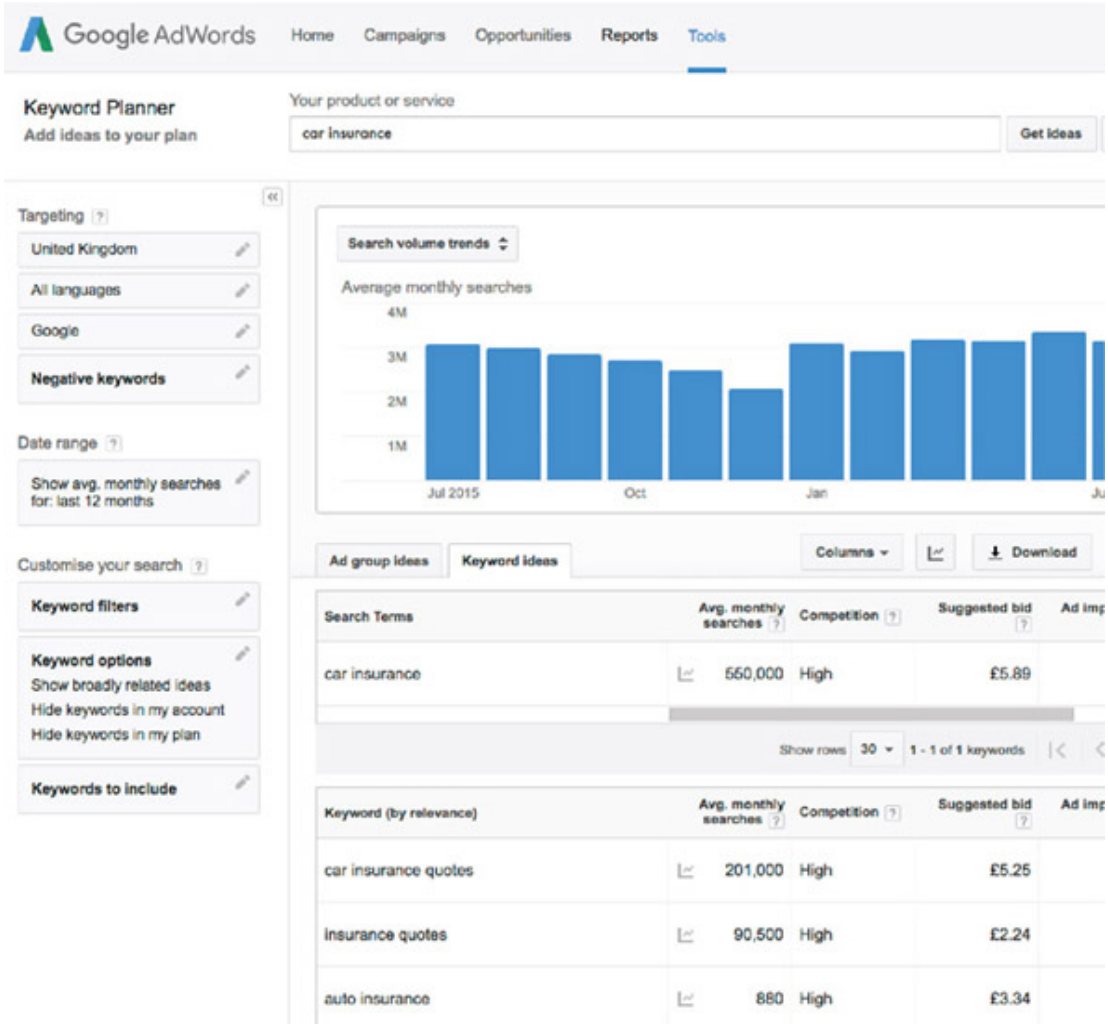
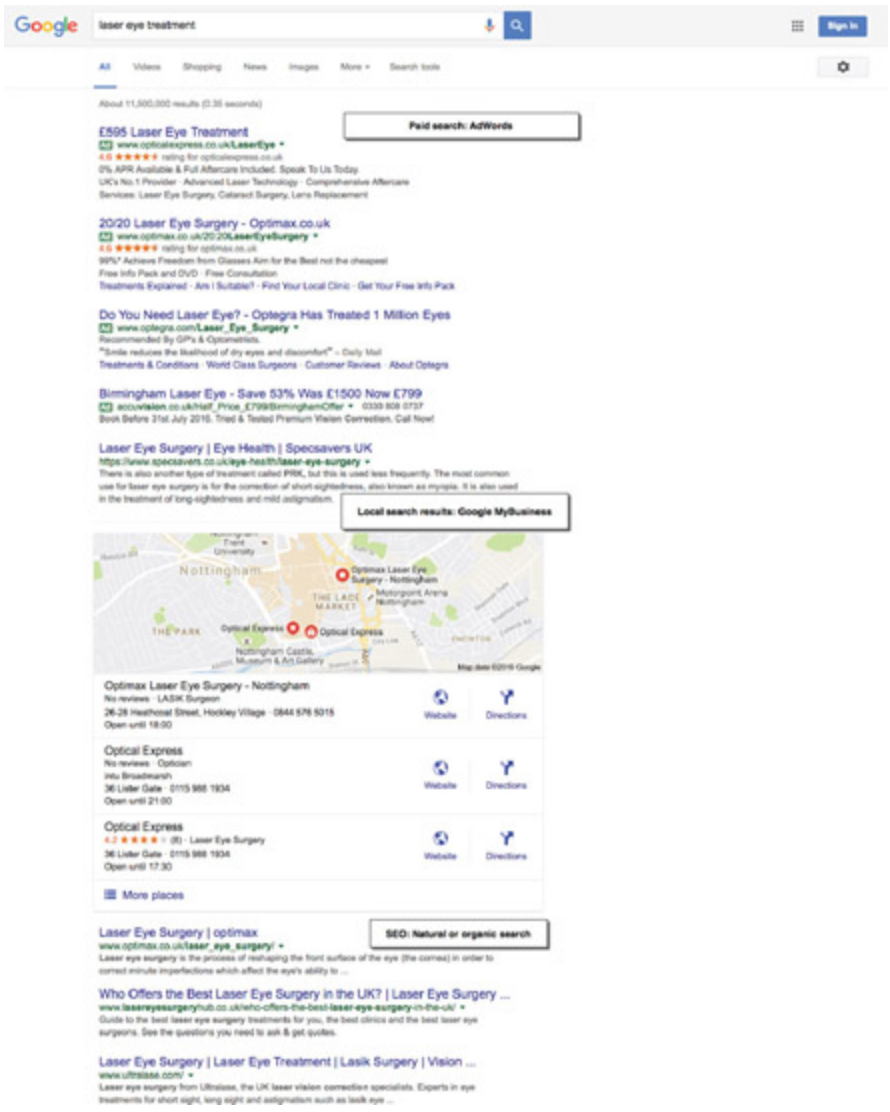


Figure 7.5 Variation in popularity of searches on terms related to car insurance

Source: Google AdWords Keyword Planner

It's also worth evaluating local search potential (point 6) – for the many, many services where searchers need a local supplier, like a plumber, solicitor or pizza delivery. This type of search behaviour is particularly important for local businesses. Google offers a service for businesses with a physical presence called Google MyBusiness (formerly related to Google+) where businesses can add information about their local presence. If a business rates favourably and has images uploaded, it will benefit from more prominence as shown in the SERPs in Figure 7.6.

Figure 7.6 also shows the 'Google Suggest' related queries at the bottom of the page. It's important to understand those common search behaviours for your audience since Google prompts these terms within the search bar, so you can gain more traffic if you rank for related queries. We recommend you use the tools Ubersuggest.com or KeywordTool.io to find related queries by country.


Google
laser eye treatment
Sign In
All
Videos
Shopping
News
Images
More
Search tools
About 11,500,000 results (0.35 seconds)
Paid search: AdWords
£595 Laser Eye Treatment
www.opticalexpress.co.uk/LaserEye
4.6 rating for opticalexpress.co.uk
0% APR Available & Full Aftercare Included. Speak To Us Today.
UK's No.1 Provider · Advanced Laser Technology · Comprehensive Aftercare
Services: Laser Eye Surgery, Cataract Surgery, Lens Replacement
20/20 Laser Eye Surgery - Optimax.co.uk
www.optimax.co.uk/20-20/LaserEyeSurgery
4.6 rating for optimax.co.uk
99%* Achieve Freedom from Glasses Aim for the Best not the cheapest
Free Info Pack and DVD · Free Consultation
Treatments Explained · Am I Suitable? · Find Your Local Clinic · Get Your Free Info Pack
Do You Need Laser Eye? - Optegra Has Treated 1 Million Eyes
www.optegra.com/Laser_Eye_Surgery
Recommended By GPs & Optometrists.
"Smile reduces the likelihood of dry eyes and discomfort" – Daily Mail
Treatments & Conditions · World Class Surgeons · Customer Reviews · About Optegra
Birmingham Laser Eye - Save 53% Was £1500 Now £799
accuvision.co.uk/Half_Price_£799/BirminghamOffer 0330 808 0737
Book Before 31st July 2016. Tried & Tested Premium Vision Correction. Call Now!
Laser Eye Surgery | Eye Health | Specsavers UK
https://www.specsavers.co.uk/eye-health/laser-eye-surgery
There is also another type of treatment called PRK, but this is used less frequently. The most common use for laser eye surgery is for the correction of short-sightedness, also known as myopia. It is also used in the treatment of long-sightedness and mild astigmatism.
Local search results: Google MyBusiness
Nottingham
Optimax Laser Eye Surgery - Nottingham
Motorpoint Arena Nottingham
THE LACE MARKET
THE PARK
Optical Express
Optical Express
Nottingham Castle, Museum & Art Gallery
Map data ©2016 Google
Optimax Laser Eye Surgery - Nottingham
No reviews · LASIK Surgeon
26-28 Heathcoat Street, Hockley Village · 0844 576 5015
Open until 18:00
Website
Directions
Optical Express
No reviews · Optician
Intu Broadmarsh
36 Lister Gate · 0115 988 1934
Open until 21:00
Website
Directions
Optical Express
4.2 (8) · Laser Eye Surgery
36 Lister Gate · 0115 988 1934
Open until 17:30
Website
Directions
More places
SEO: Natural or organic search
Laser Eye Surgery | optimax
www.optimax.co.uk/laser_eye_surgery/
Laser eye surgery is the process of reshaping the front surface of the eye (the cornea) in order to correct minute imperfections which affect the eye's ability to ...
Who Offers the Best Laser Eye Surgery in the UK? | Laser Eye Surgery ...
www.lasereyesurgeryhub.co.uk/who-offers-the-best-laser-eye-surgery-in-the-uk/
Guide to the best laser eye surgery treatments for you, the best clinics and the best laser eye surgeons. See the questions you need to ask & get quotes.
Laser Eye Surgery | Laser Eye Treatment | Lasik Surgery | Vision ...
www.ultralase.com/
Laser eye surgery from Ultralase, the UK laser vision correction specialists. Experts in eye treatments for short sight, long sight and astigmatism such as lasik eye ...

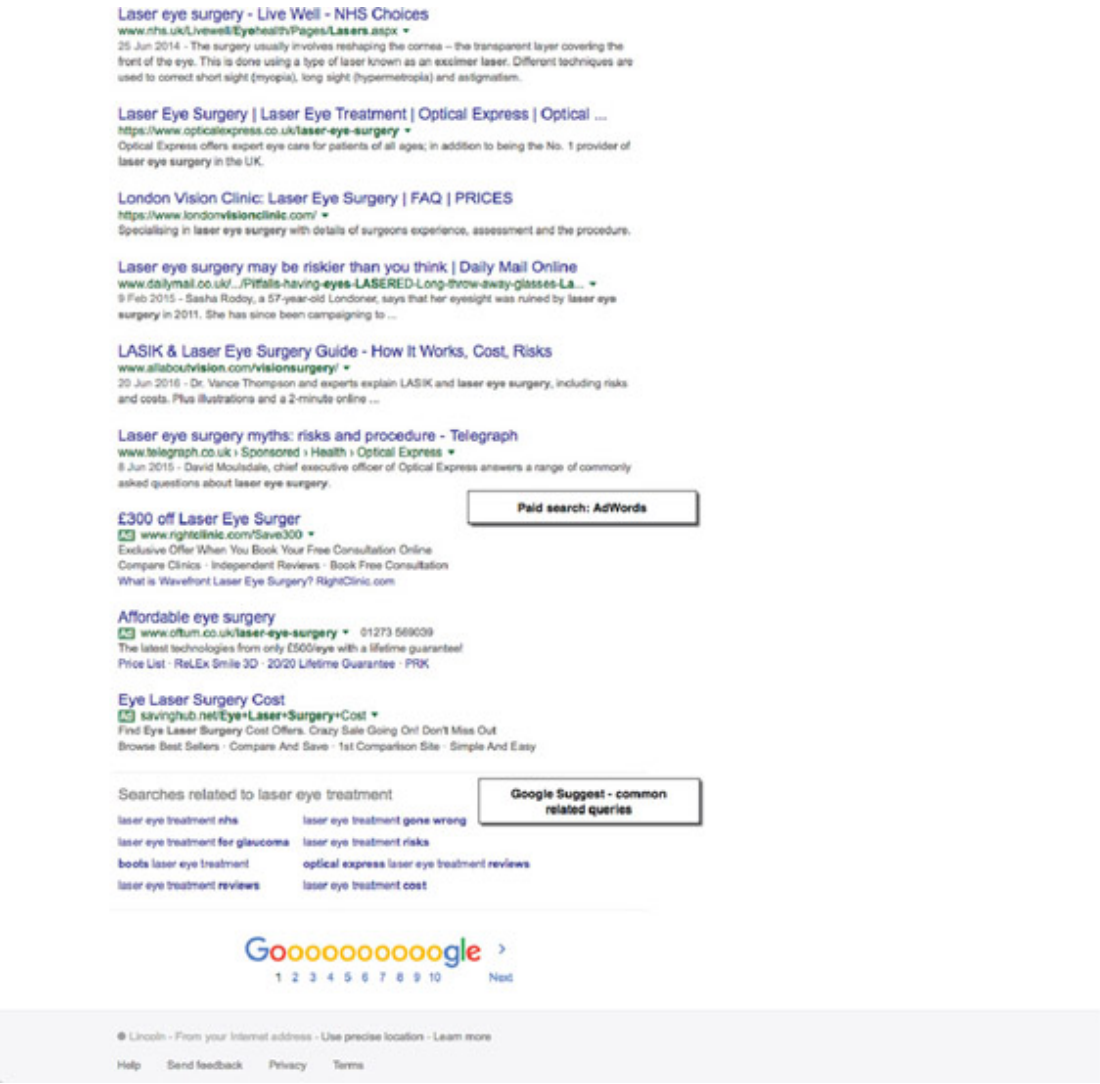

Laser eye surgery - Live Well - NHS Choices
www.nhs.uk/Livewell/Eyehealth/Pages/Lasers.aspx
25 Jun 2014 - The surgery usually involves reshaping the cornea – the transparent layer covering the front of the eye. This is done using a type of laser known as an excimer laser. Different techniques are used to correct short sight (myopia), long sight (hypermetropia) and astigmatism.
Laser Eye Surgery | Laser Eye Treatment | Optical Express | Optical ...
https://www.opticalexpress.co.uk/laser-eye-surgery
Optical Express offers expert eye care for patients of all ages; in addition to being the No. 1 provider of laser eye surgery in the UK.
London Vision Clinic: Laser Eye Surgery | FAQ | PRICES
https://www.londonvisionclinic.com/
Specialising in laser eye surgery with details of surgeons experience, assessment and the procedure.
Laser eye surgery may be riskier than you think | Daily Mail Online
www.dailymail.co.uk/.../Pitfalls-having-eyes-LASERED-Long-throw-away-glasses-La...
9 Feb 2015 - Sasha Rodoy, a 57-year-old Londoner, says that her eyesight was ruined by laser eye surgery in 2011. She has since been campaigning to ...
LASIK & Laser Eye Surgery Guide - How It Works, Cost, Risks
www.allaboutvision.com/visionsurgery/
20 Jun 2016 - Dr. Vance Thompson and experts explain LASIK and laser eye surgery, including risks and costs. Plus illustrations and a 2-minute online ...
Laser eye surgery myths: risks and procedure - Telegraph
www.telegraph.co.uk › Sponsored › Health › Optical Express
8 Jun 2015 - David Moulsdale, chief executive officer of Optical Express answers a range of commonly asked questions about laser eye surgery.
Paid search: AdWords
£300 off Laser Eye Surger
Ad www.rightclinic.com/Save300
Exclusive Offer When You Book Your Free Consultation Online
Compare Clinics · Independent Reviews · Book Free Consultation
What is Wavefront Laser Eye Surgery? RightClinic.com
Affordable eye surgery
Ad www.oftum.co.uk/laser-eye-surgery 01273 569039
The latest technologies from only £500/eye with a lifetime guarantee!
Price List · ReLEx Smile 3D · 20/20 Lifetime Guarantee · PRK
Eye Laser Surgery Cost
Ad savinghub.net/Eye+Laser+Surgery+Cost
Find Eye Laser Surgery Cost Offers. Crazy Sale Going On! Don't Miss Out
Browse Best Sellers · Compare And Save · 1st Comparison Site · Simple And Easy
Searches related to laser eye treatment
Google Suggest - common related queries
laser eye treatment nhs
laser eye treatment gone wrong
laser eye treatment for glaucoma
laser eye treatment risks
boots laser eye treatment
optical express laser eye treatment reviews
laser eye treatment reviews
laser eye treatment cost
Goooooooooogle
1 2 3 4 5 6 7 8 9 10 Next
Lincoln - From your Internet address - Use precise location - Learn more
Help Send feedback Privacy Terms

Figure 7.6 Local search results in Google

B *Performance analysis.* This assesses how the company is currently performing for these phrases. With the right tracking tools and tagging, it should be possible to report average position in natural and paid listings (see http://bit.ly/smartranking for our suggestions on rank-checking tools, Google Search Console Analytics is arguably the best tool since it's from Google); click volume referred from search; click quality (conversion rates and, ideally, bounce rates to compare landing page effectiveness); outcomes (sales, registrations or leads); costs (CPC and CPA); profitability (based on cost of sale or lifetime value models).

C *Gap analysis*. Identifies for each phrase and product where the biggest potential for improvement is, so you can target your resources accordingly (see http://bit.ly/smartgap for further information).

D *Set goals and select keyphrases*. You should identify the different types of keyphrase you want to be visible for. Particularly important are the strategic keyphrases which are critical to success.

Improving search engine ranking through SEO

The challenge for SEOs is that there are many ranking factors and they are constantly changing! Google references over 200 main ranking factors which means hundreds of detailed changes to the way pages are evaluated and represented in the search results places happening each year. The importance of SEO is clear from Figure 7.7, since if you are not in the first few positions, you will not generate many clicks, with the first position being particularly important.

See Moz (2016) for the latest updates (www.seomoz.org/google-algorithm-change).

Fortunately there are four common factors that influence search engine rankings that can be managed as part of an SEO strategy:

1. On-page optimization
2. External linking or off-site optimization
3. Internal link structures
4. User behaviour signals.

Let's look at these in a little more detail:

1. *On-page optimization*. The most basic test of relevance by the search engines is the number of times the phrase appears on the page.

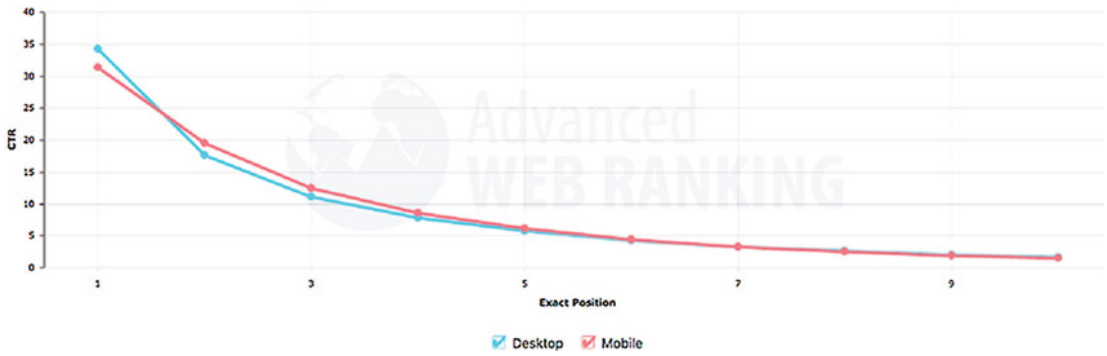


Figure 7.7 The importance of occupying position one, showing a huge drop in CTR for ads in position two and a gradual decline in CTR through subsequent positions

Source: Advanced Web Ranking (2016)

However, there are many other factors that can also be applied. In its guidance for web-masters, Google (2012) states: 'Google goes far beyond the number of times a term appears on a page and examines all aspects of the page's content (and the content of the pages linking to it) to determine if it's a good match for your query'.

These other factors include:

- Frequency
- Occurrence in headings <h1>, <h2>
- Occurrence in anchor text of hyperlinks
- Markup, such as bold
- Density (the number of times)
- Proximity of phrase to start of document and the gap between individual keywords
- Alternative image text (explained below)
- Document meta data (explained below).

Alternative image text

Graphical images can have hidden text associated with them that is not seen by the user (unless graphical images are turned off or the mouse is rolled over the image), but will be seen and indexed by the search engine.

For example, text about a company name and products can be assigned to a company logo using the 'ALT' tag or attribute of the image tag as follows:

```
<IMG NAME = 'Logo' SRC = 'logo.gif' ALT = 'Car insurance'>
```

Due to search engine spamming, this factor is assigned limited relevance, although it is still worthwhile for images that link to another page within the site. However, it is best practice to use this approach for significant images, since it is also required by accessibility law and screen-readers used by the blind and visually impaired read out the ALT tags (see Section 6.1 on web accessibility).

Document meta data

The three most important types of meta data are the document <title> tag, the document 'descriptions' meta tag and the document 'keywords' meta tag. You should try to make these unique for each page on your site(s), as otherwise Google may assess the content as duplicate and some pages may be downweighted in importance.

i. *The document title.* The browser <title> tag within page HTML is arguably the most important type of meta data since each search engine places significant weighting on the key-phrases contained within it *and* it is the call-to-action hyperlink on the search engine results page. If it contains powerful, relevant copy, you will get more clicks and the search engine will increase your position in the listing accordingly relative to other pages which are getting a lower clickthrough rate.
ii. *The 'description' meta tag.* A meta tag is an attribute of the page within the HTML <head> section which can be set by the content owner.

The ‘description’ meta tag denotes the information which will typically be displayed in the search engine results page (see Figure 7.3). If it is absent or too short, relevant ‘snippets’ will be used from within the body copy, but it is best to control your messages. If the ‘description’ meta tag or the title are missing or identical, then this can result in duplicate content as described above: this can be checked for within Google’s Search Console. It is not directly used as a ranking factor like the title.

So the page creator can modify this to make a stronger call-to-action in the search engine listings as in this case:

```
<meta name = 'description' content = 'Direct Line offers you great value car insurance by cutting out the middleman and passing the savings directly on to you. To find out if you could save, why not get a car insurance quote? Breakdown Cover Insurance also available'.>
```

iii *The ‘keywords’ meta tag*. The keywords meta tag is used to summarize the content of a document based on keywords. Some unscrupulous SEOs can still be heard to say to potential clients (‘we will optimize your meta tags’). But this is a waste of time since the keywords meta tag is relatively unimportant as a ranking factor (Google has never used them), although these keywords may be important to internal search engines.

Example:

```
<meta name = 'keywords' content = 'Car insurance, Home insurance, Travel insurance, Direct line, Breakdown cover, Mortgages personal loans, Pet insurance, Annual holiday insurance, Car loans, UK mortgages, Life insurance, Critical illness cover'>
```

Universal or blended search

When Google launched, the only presence you had to worry about within the search engines was the text listing. But today, text results are only one

type of search, albeit the most important one for most products and services. Videos, images and social media mentions are all important too, so think about how you look in the universal or blended search listings. Google Places, which we showed in Figure 7.6 is one example of the blended listings.

Since search is becoming more visual, it's no longer only about the text results, so make sure you gain visibility within images, maps and videos according to which will work best for your market. Blended search is market- and phrase-specific, depending on how Google assesses the relevance of universal content for the query. For example, a search on 'jewellery' may not present any universal results, while 'designer jewellery' may include images.

2 *External linking*. Boosting external links is vital to your SEO efforts, although it is less easy to control and often neglected. The founders of Google realized that the number of links into a page and their quality was a great way of determining the relevance of a page to searchers, especially when combined with the keyphrases on that page. Although the Google algorithm has been upgraded and refined continuously since then, the number and quality of external links is still the most important ranking factor.

While natural links will be generated if content is useful, a proactive approach to link building is required in competitive markets. We recommend these steps to help boost your external links. There are more link-building tips in Section 7.7

i. *Identify and create popular content and services*. The starting point for both natural and pro-active link building has to be to think of the value of your site and different types of content or services on different pages. The acid test is whether your visitors will bookmark a page of your content or tell a friend about it. Think not only about the home page, but also about other pages within the site.

By creating more valuable content and then showcasing it within your navigation, or grouping it within pages such as a 'Resource Centre' or blog, you can encourage more people to link to your content naturally; or approach them and suggest they link not only to the home page, but directly to the useful tools that have been created.

ii. *Identify potential partner sites.* There are several options to find partner sites. It is helpful to try to identify the types of site that you may be able to link with; for example:

- Directories of links (often less valuable)
- Traditional media sites
- Niche online-only media sites
- Trade associations
- Manufacturers, suppliers and other business partners
- Press release distribution sites
- Bloggers including customers and partners
- Social networks.

Smart Insights (2016) recommends reviewing 12 options for creating more quality links, as shown in Table 7.2:

Table 7.2 Twelve options for creating more quality links

Area	Action needed
1 Linkbait creation	Production of *linkbait* assessed on full review of linkbait options.
2 PR and marketing campaign integration	Potential of marketing campaigns for SEO planned at outset?
3 Blogging, guest blogging and blogger outreach	Effective blogger outreach?
	• Target partners reviewed and contacted?
	• Resource defined for managing partners?

Area	Action needed
4 Backlinking between company-owned and partner sites	Review options to improve links between company sites
	• Backlinks improved from strategic partners?
5 Press release distribution	Effective press release SEO?
	• Guidelines for press release creation defined?
	• Syndicating through relevant press release services?
6 Video marketing	Potential of video marketing defined?
	• Use of hybrid host (included in own site) or post on a third-party site; e.g. YouTube defined?
	• Use of niche video sites reviewed?
7 Article syndication	Partners and process for article syndication reviewed?
8 Social network participation	Use of social networks to encourage backlinks from other sites.
	Note: the use of 'nofollow tags associated with hyperlinks' means that direct links from social network sites are of limited value.
9 Forum SEO	Options for benefits of SEO participation in forums reviewed?
	• Example – we're members of one forum which gives backlinks when members have posted a certain number of links and/or they pay for membership.
10 Social bookmarking	Use of social bookmarking and StumbleUpon.
11 Directory submissions	Directory options in market reviewed for relevance? Especially niche directories?
	• Free directories

Area	Action needed
	• Paid directories.
12 'Buying links'	Options for buying links which cannot be identified as bought links by search engines reviewed? Not recommended, high risk.
Source: Smart Insights (2016)	

Practical Digital Marketing Tip

Link anchor text and 'nofollow' in title

When setting up links, it is important to use specific suitable anchor text for the link. Links deep into the site, specific to a particular product, are often more valuable. It is also worth remembering that Google won't follow links which have the rel='nofollow' link on them, so check for these.

Practical Digital Marketing Tip

Finding out who links to you and your competitors

The best free way to find link associations for you and your competitors is the Open Site Explorer (www.opensitexplorer.org). For your own site, we would strongly recommend using the Google Webmaster Tools (www.google.com/webmasters/) which provide a useful set of tools just for sites owned and verified by their owners including internal and external links. To benchmark link growth, we

recommend Majestic SEO (Figure 7.8) and its backlink history, since the unique linking domains are a key ranking factor. You can also drill down to see who links to you and your competitors and the anchor text used.

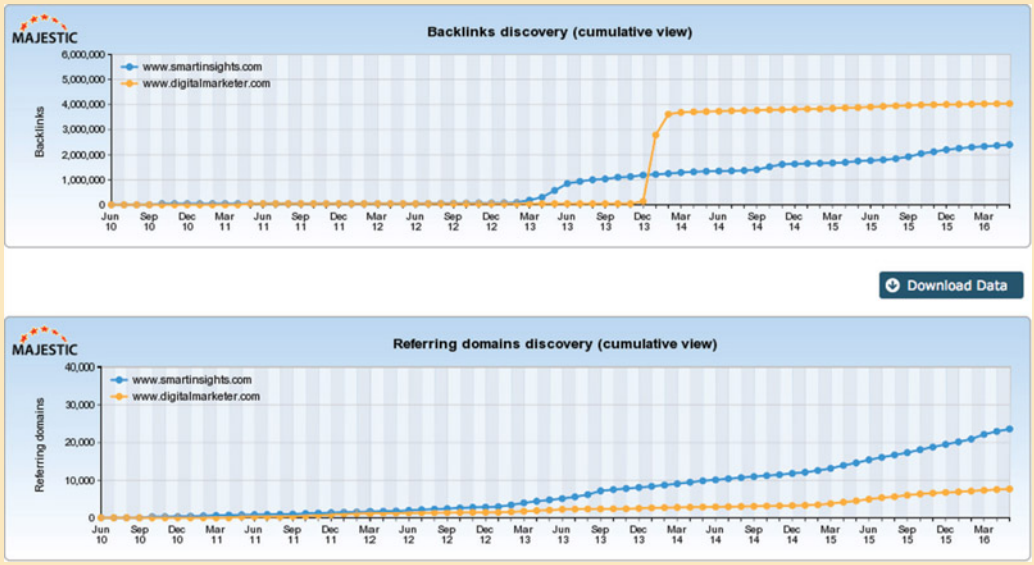


Figure 7.8 Majestic SEO backlink history

Source: www.majesticseo.com

Think Link Quality not Link Popularity

Today, Google assesses not just the number of links into a page, but also uses the concepts of hubs and authorities to assess the relevance of a page about a particular topic. This approach was originally described by Google engineers Bharat and Mihaila (1999). Essentially, a hub page (actually referred to as an 'Expert page' in the paper) is a page which contains many quality outbound links about a particular topic. An authority page, referred to as a 'target' in the paper, contains many inbound links about a topic. Expert pages (hubs) are given more weighting to identify authority pages.

The context or theme of the linking page is also very important, with the search engines needing to determine hubs and authorities based on an assessment of the context of the link for the page, based on the phrases it contains.

In the paper by Bharat and Mihaila, there is a direct indication of the factors used to assess the theme of a page. They suggest the importance to good ranking of a searcher's keyphrases occurring in:

- The page title phrase (part of on-page optimization)
- Headings within documents (again, on-page optimization)
- Hyperlink anchor text (the words making up the hyperlink).

We describe different approaches to link building in Section 7.7 on online partnerships.

3 *Internal link structures.* Many of the principles of external link building can also be applied on your own sites. This is often a missed opportunity, since here you have the benefit that you have control of the linking, although the impact is less than from links from external sites. The most important principle is to include keyphrases used by searchers within the anchor text of a hyperlink to point to relevant content. It's also important to consider how you can increase the number of internal links to pages which you want to rank well. A meshed structure with lots of interlinks can work better than a simple hierarchy.

Practical Digital Marketing Tip

Analyzing PageRank and internal backlink distribution

PageRank varies across a site. The home page is typically highest, with each page deeper within the site having a lower PageRank. This has several implications. First, it is helpful to include the most important keyphrases you want to target on the home page, or at the second level in the site hierarchy. Second, pages that feature in the main or secondary navigation (text link menus referencing the keyphrase in the anchor text are best) are more likely to rank highly than pages deeper in the site that don't have many internal backlinks because they are not in the menu. Third, you need to review whether there are pages deeper within the site which feature products or services that are important and which you need to rank for. If so, you need to find a method of increasing the number of backlinks (internal or external), perhaps by including a link to them in the footer or side-bars of the site which are separate from the main navigation. The Google Webmaster Tools have reports on internal and external links which are excellent diagnostic tools.

Practical Digital Marketing Tip

Practical Digital Marketing Tip

The importance of hyperlink anchor text isn't always realized by content authors, with many sites having hyperlinks which read 'click here' or 'read more' rather than referring to the target document's content. This is often a constraint/feature of content management systems, but body-copy links can be used to refer to the target document, using a meaningful link such as: 'Read more about search engine optimization best practice which is also better from a user experience point of view'.

Digital Marketing Checklist – Internal Link Building

☑ 1 *Links from standard navigation.* These are most effective if text-based rather than image menus. As well as the main navigation categories, conventionally placed across the masthead, providing more navigation links within the left or right sidebars can help with indicating to search engines the themes of pages.

☑ 2 *Links from ancillary navigation (e.g. page footers).* These can be varied in different site sections.

☑ 3 *Links from document listings.* (Including publishing search results or lists of news items.)

☑ 4 *Sitemaps.* These are useful for both human visitors and search robots – Google recommends creating these. They are most effective if broken down into different categories which are themed on specific topics.

☑ 5 *Body copy.* These 'editorial links' are particularly important to SEO today since Google now evaluates them as more important than 'run-of-site' links.

☑ 6 *Image links.* These were discussed in the section on document meta data.

4 *User behaviour signals.* Through time, search engines have introduced methods to assess the relevance of content based on how users interact with it. This is important to the search engines to maintain quality within their search results, since other ranking signals such as page optimization and backlinks can be manipulated. The main user behaviour signals that are used are:

i. *Engagement with content.* If a user clicks through on a search result to a site and then immediately returns to the search engine and repeats a search, then the search engine can detect if this happens frequently for a site and so downweights its assessment of value.

ii. *Bookmarking*. Search engines can detect bookmarking to favourites, and it has been speculated that this has been used as a ranking signal.
iii. *Social sharing*. Both Google and Bing have acknowledged that they can use the number of 'Shares' on social networks and whether sharing occurs by more influential social networkers.

Section Summary 7.2

Search engine marketing: SEO

Ensure you employ someone who is knowledgeable to optimize your position with search engines. Remember, the main techniques are:

1 Ensure your sites are included in the indexes of the main search.
2 Complete keyphrase analysis to identify phrases relevant to your market.
3 Start a search engine optimization initiative. This may involve restructuring your site to make it more accessible to search engines and including relevant keyphrases in the body copy, title tag and other page elements.
4 Maximize quality links from and to different sites – run a link-building campaign.

7.3 Paid or Pay Per Click search marketing

Paid Media (advertising) includes any type of paid-for ad, whether futuristic billboard poster ads from companies like NEC, which 'recognize and

respond' to the age and gender of passers-by (Waber, 2013), banner ads, Pay Per Click ads, search ads, promoted posts or promoted tweets.

Paid search marketing or Pay Per Click (PPC) is similar to conventional advertising; here a relevant text ad with a link to a company page is displayed when the user of a search engine types in a specific phrase. A series of text ads usually labelled as 'sponsored links' are displayed to the right of the natural listings, as in Figure 7.3 (above).

Note that it is common for search agencies to describe paid search marketing as 'search engine marketing' or 'SEM', to distinguish it from SEO. This can be confusing since others, including ourselves, prefer search engine marketing to include both SEO and PPC.

Although many searchers prefer to click on the natural listings, a sufficient number do click on the paid listings (typically around a quarter to a third of all clicks) so that they are highly profitable for companies such as Google, and a well-designed paid search campaign can drive a significant amount of business for the search companies.

Google has been working hard to increase the relevance of the paid search ads, particularly for retail where product and price information can now be displayed (Figure 7.9).

Google AdWords (http://adwords.google.com) is the name of the Google advertising programme, with Microsoft Search Marketing the equivalent from Bing and Yahoo! If you advertise in markets where other search engines are dominant, such as Baidu in China, you will have to consider advertising within these.

Each of these programmes has to be managed individually through an online service or alternatively, large campaigns can be managed and evaluated through a *bid management service*.

There are two significant differences between PPC and conventional advertising, which are the former's main advantages:

1. *The advertiser is not paying for the ad to be displayed.* Cost is only incurred when the ad is clicked on and a visitor is directed to the advertiser's web site. Hence, it's a *Cost Per Click (CPC) model*! However, there are increasingly options for paid search marketing using other techniques; Google also offers CPM options on its *content network* (e.g. the Google Display Network), where contextual ads are displayed on third-party sites relevant to the content on a page. This form of advertising accounts for around a quarter of Google's ad revenue. It is important to use a different form of creative and targeting within the display network to get the best results.
2. *PPC advertising is highly targeted.* The relevant ad with a link to a destination web page is only displayed when the user of a search engine types in a specific phrase (or the ad appears on the content network, triggered by relevant content on a publisher's page), so there is limited wastage compared to other media. Users responding to a particular keyphrase or reading related content have high intent or interest and so tend to be good-quality leads.

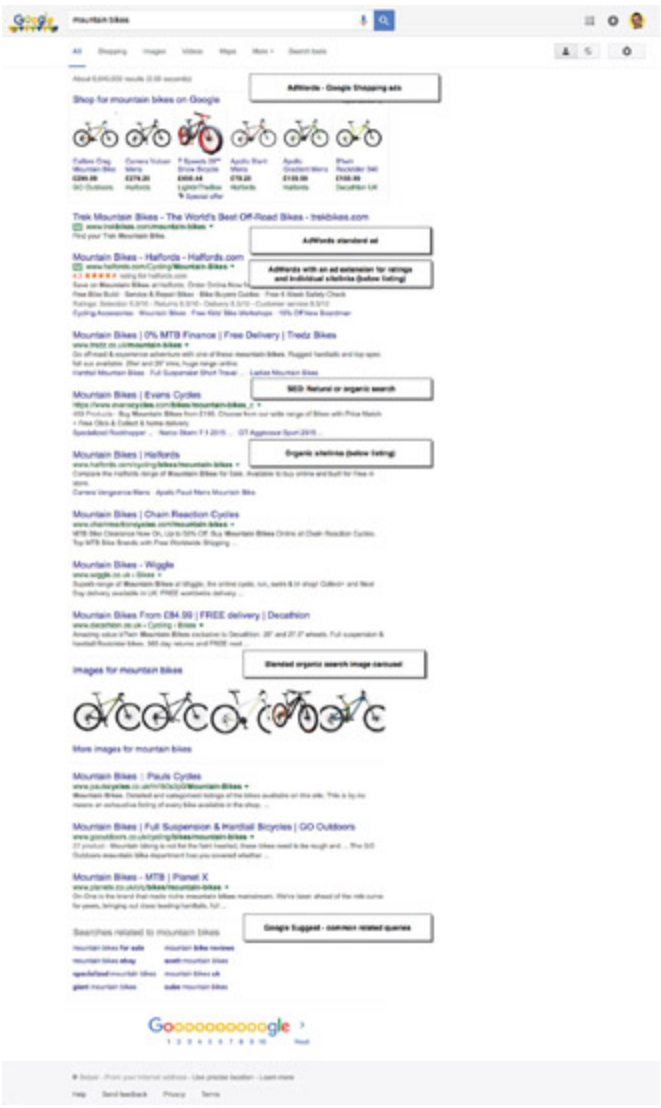


Figure 7.9 New ad extension formats within Google Adwords for retailers

The relative ranking of these 'paid performance placements' is not simply based on the highest CPC bid for each keyword phrase, as is often thought by those unfamiliar with CPC. Additionally, Google, and now the other search engines, also take into account the quality of the listings. Within Google, this is known as the *Quality Score*.

Digital Marketing Insight

Mastering Quality Score

Understanding the Quality Score is the key to successful PPC marketing. You should consider its implications when you structure the account and write copy. Google developed the Quality Score because the company understood that delivering relevance through the sponsored links was essential to their users' experience, and their own profits.

How the components of Quality Score affect Ad Rank

Every time someone does a search that triggers an ad that competes in an auction, Google calculates an Ad Rank. This calculation incorporates your bid, auction-time measurements of expected CTR, ad relevance, landing page experience and other factors. To determine the auction-time quality components, Google looks at a number of different factors. By improving the following factors you can help improve the quality components of your Ad Rank:

- *Your ad's expected CTR.* This is based in part on your ad's historical clicks and impressions (excluding factors such as ad position, extensions and other formats that may have affected the visibility of an ad that someone previously clicked)
- *Your display URL's past CTR.* The historical clicks and impressions that your display URL has received
- *The quality of your landing page.* How relevant, transparent and easy-to-navigate your page is
- *Your ad/search relevance.* How relevant your ad text is to what a person searches for
- *Geographic performance.* How successful your account has been in the regions you're targeting

- *Your targeted devices.* How well your ads have been performing on different types of devices, like desktops/laptops, mobile devices and tablets.

(Google, 2016a)

The AdWords system works best for everybody; advertisers, users, publishers and Google too when the ads Google displays match its users' needs as closely as possible. This is called 'relevance'.

Relevance is measureable. Typically, the higher an ad's Quality Score, the more relevant it is for the keywords to which it is tied. When your ads are highly relevant, they tend to earn more clicks, move higher in Ad Rank and bring you the most success (plus the ads can cost less when you have a higher score). See Google (2007).

So, higher clickthrough rates achieved through better targeted creative copy are rewarded, as is the relevance of the landing page (Google now sends out AdBots-Google to check them out). More relevant ads are also rewarded through Ad Text Relevance which is an assessment of the match of headline and description to the search term. Finally, the Keyword Relevance is the match of the triggering keyword to the search term entered.

If you have ever wondered why the number of paid ads above the natural listings varies from none to three, then it's down to the Quality Score – you can only get the coveted positions for keywords which have a sufficiently high Quality Score – you can't 'buy your way to the top', as many think.

In addition to performance-based payment and well-targeted prospects, PPC has other advantages:

1. *Good accountability.* With the right tracking system, the ROI for individual keywords can be calculated.
2. *Predictable.* Traffic, rankings and results are generally stable and predictable. This contrasts with SEO.
3. *Technically simpler than SEO.* Position is based on a combination of bid amount and Quality Score, whereas SEO requires long-term, technically complex work on page optimization, site restructuring and link building.
4. *Speed.* PPC listings get posted quickly, usually in a few days (following editorial review).
   SEO results can take weeks or months to be achieved. Moreover, when a web site is revised for SEO, rankings will initially drop while the site is re-indexed by the search engines.
5. *Branding.* Tests have shown that there is a branding effect with PPC, even if users do not click on the ad. This can be useful for creating awareness and demand for the launch of products or major campaigns. Paid search ads on the display network can include display ad formats and YouTube 'promoted videos' or 'pre-roll' ads.
6. *Remarketing.* Google offers retargeting through cookies placed on the searcher's computer to display reminder ads on the display network after someone has clicked on a paid search ad, as a reminder to act. These reminders can be effective in boosting the conversion rate to lead or sale.

Digital Marketing Insight

YouTube – the second largest search engine in many countries

Since YouTube features a lot of searches, it's worth checking to see the number of searches related to your brand – YouTube also features a

keyword tool. Opportunities for paid advertising can then be reviewed. For example, Figure 7.10 shows how an ad giving a customer testimonial can be displayed when a searcher is investigating options for laser eye treatment.

giving a customer testimonial can be displayed when a searcher is investigating options for laser eye treatment.

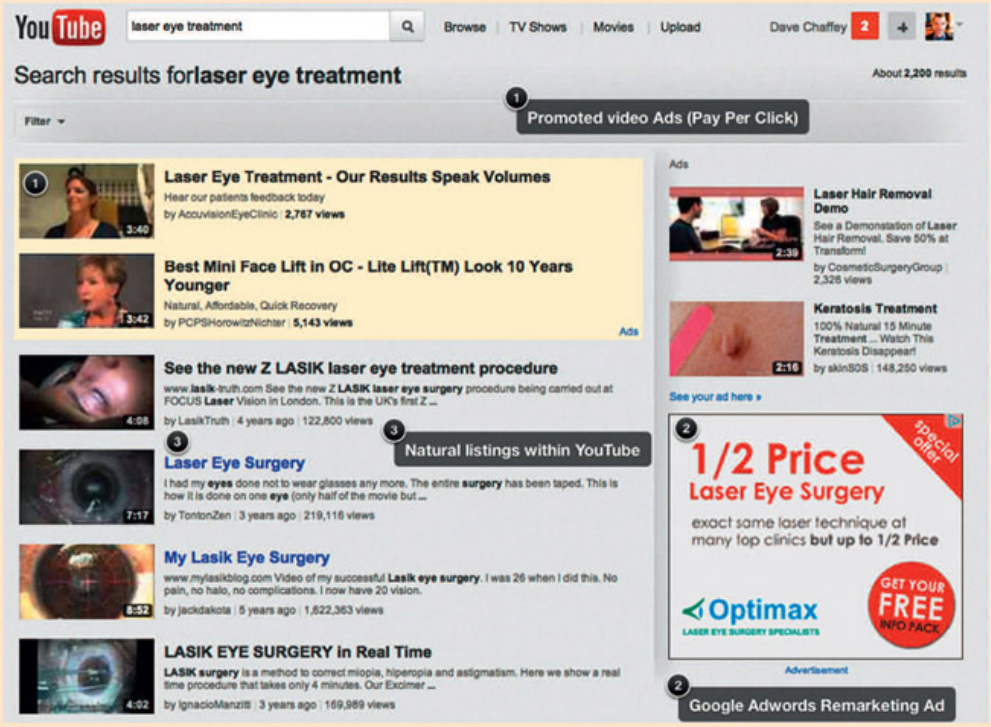

YouTube
laser eye treatment
Browse
TV Shows
Movies
Upload
Dave Chaffey
Search results forlaser eye treatment
About 2,200 results
Filter
1
Promoted video Ads (Pay Per Click)
Laser Eye Treatment - Our Results Speak Volumes
Hear our patients feedback today
by AccuvisionEyeClinic | 2,767 views
Best Mini Face Lift in OC - Lite Lift(TM) Look 10 Years Younger
Natural, Affordable, Quick Recovery
by PCPSHorowitzNichter | 5,143 views
Ads
See the new Z LASIK laser eye treatment procedure
www.lasik-truth.com See the new Z LASIK laser eye surgery procedure being carried out at FOCUS Laser Vision in London. This is the UK's first Z ...
by LasikTruth | 4 years ago | 122,800 views
3
Natural listings within YouTube
Laser Eye Surgery
I had my eyes done not to wear glasses any more. The entire surgery has been taped. This is how it is done on one eye (only half of the movie but ...
by TontonZen | 3 years ago | 219,116 views
My Lasik Eye Surgery
www.mylasikblog.com Video of my successful Lasik eye surgery. I was 26 when I did this. No pain, no halo, no complications. I now have 20 vision.
by jackdakota | 5 years ago | 1,622,363 views
LASIK EYE SURGERY in Real Time
LASIK surgery is a method to correct miopia, hiperopia and astigmatism. Here we show a real time procedure that takes only 4 minutes. Our Excimer ...
by IgnacioManzitti | 3 years ago | 169,989 views
Ads
Laser Hair Removal Demo
See a Demonstration of Laser Hair Removal. Save 50% at Transform!
by CosmeticSurgeryGroup | 2,326 views
Keratosis Treatment
100% Natural 15 Minute Treatment ... Watch This Keratosis Disappear!
by skinSOS | 148,250 views
See your ad here »
2
1/2 Price
Laser Eye Surgery
exact same laser technique at many top clinics but up to 1/2 Price
special offer
Optimax
LASER EYE SURGERY SPECIALISTS
GET YOUR FREE INFO PACK
Advertisement
2
Google Adwords Remarketing Ad

Figure 7.10 Google Promoted Video ads within YouTube

However, PPC has these disadvantages, which do need to be managed:

1 *Competitive and expensive.* Since Pay Per Click has become popular, some companies may get involved in bidding wars that drive bids up to an unacceptable level. Some phrases such as 'life insurance' can exceed £10 per click.
2 *Inappropriate.* For companies with a lower budget or a narrower range of products on which to generate lifetime value, it might not be cost-effective to compete.

3 *Needs specialist knowledge.* PPC requires a knowledge of configuration, bidding options and of the reporting facilities of different ad networks. Internal staff can be trained, but they will need to keep up to date with changes to the paid search services.
4 *Time-consuming.* To manage a PPC account can require daily, or even hourly, checks on the bidding in order to stay competitive. This can amount to a lot of time. The tools and best practice vary frequently, so to keep up to date is difficult.
5 *Irrelevant.* Sponsored listings are only part of the search engine marketing mix. Many search users do not click on these.

Managing Pay Per Click

Different advertisers bid on particular key words through a web-based management interface provided by the network to achieve the listing that they want. The structure of Google AdWords account management is shown in Figure 7.11. Setting up a sound account structure is important since it determines how closely you can target your paid search activities.

Campaigns provide a way to manage ads for related products. You should set a daily budget, which will often correspond to budgets for different product groups (categories) and geographies. Generic search terms and brand terms often also have their own campaigns, as compared to more specific product campaigns. Within each campaign, Ad Groups will be set up which contain keywords that will trigger the ad to be displayed when it is searched upon. Advertisers decide on the maximum CPC they are prepared to pay for each keyword or Ad Group. Figure 7.12 shows an example of an Ad Group created for a model of mobile phone. In this case, there is a single keyword which, when typed, will trigger a targeted message for which different versions can be served for testing.

The CPA can be calculated as follows:

Cost Per Acquisition = (100/Convversion rate %) × Cost Per Click

Given the range in costs, two types of strategy can be pursued in PPC search engine advertising. If budget permits, a premium strategy can be followed to compete with the major competitors who are bidding the highest amounts on popular keywords. Such a strategy is based on being able to achieve an acceptable conversion rate once the customers are driven through to the web site. A lower-cost strategy involves bidding on lower-cost, less popular phrases. These will generate less traffic, so it will be necessary to devise a lot of these phrases to match the traffic from premium keywords.

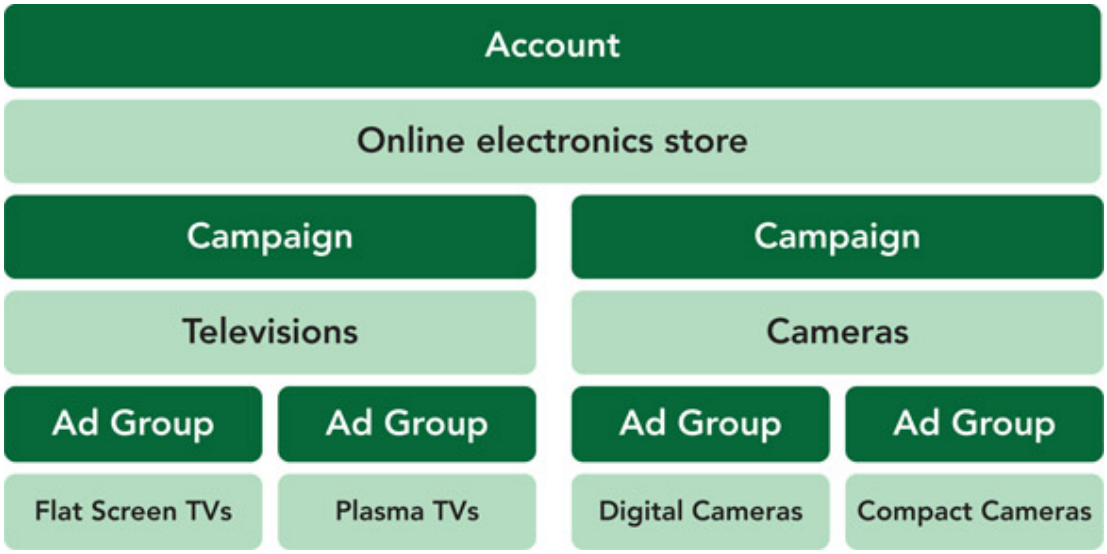


Figure 7.11 AdWords account structure

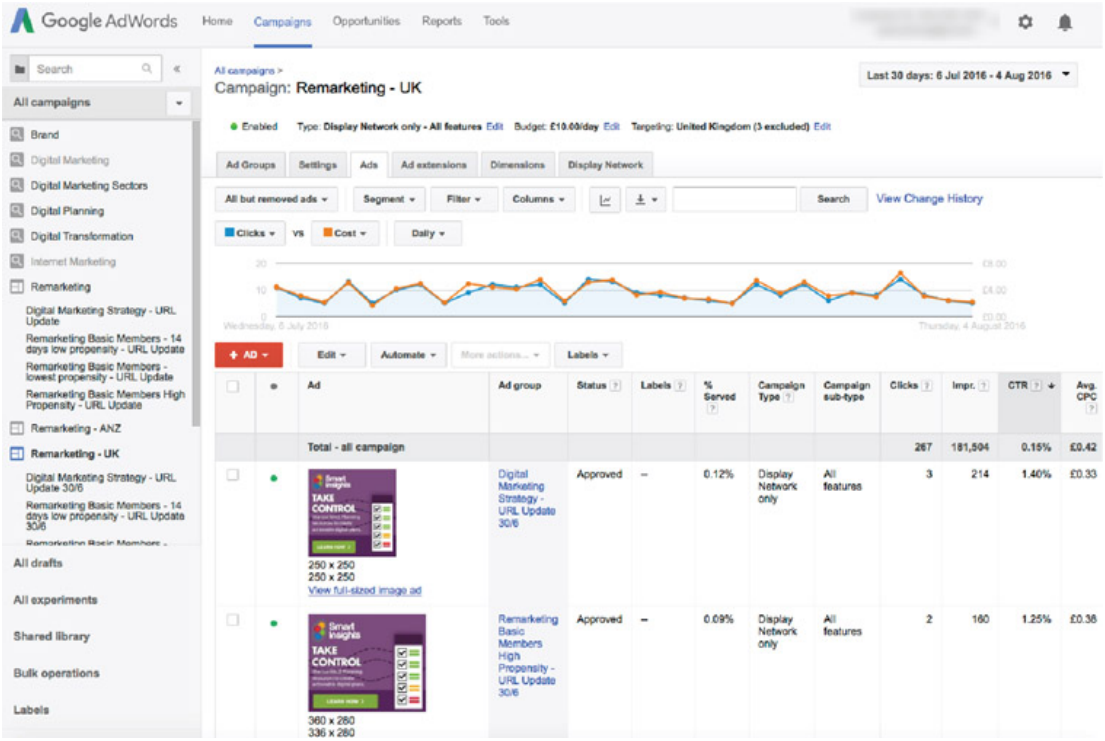


Figure 7.12 An example of an Ad Group within the Google AdWords campaign management tool

Practical Digital Marketing Tip

Practical Digital Marketing Tip

Your ads will tend to be more relevant to searchers if you create many focused Ad Groups in each campaign, which each target a particular type of searching. Each Ad Group shouldn't have too many diverse, unrelated keywords since you will be less able to deliver relevance, and so your clickthrough rate will be low and your price bid will have to be high compared to competitors to get the listing position you need. A good rule of thumb is 10 to 20 keywords maximum per Ad Group.

It is easy to test alternative creative/copy – check that your agency has developed the best messages through testing. To save time, you can use

dynamic content insertion to tailor the ad. For example, in Google, the syntax {Keyword: <Default phrase>} is used to activate this 'dynamic keyword insertion' feature when defining the ad headline or description. This typically results in greater relevance and higher clickthrough rates since the phrase entered matches that typed.

It is also useful to create separate campaigns for the content network; then you can treat this differently by using different messages. As a first-time advertiser, it is usually best to switch off the content network initially, so you can concentrate on getting advertising right within the main search results.

With PPC, as for any other media, media buyers carefully evaluate the advertising costs in relation to the initial purchase value or lifetime value they feel they will achieve from the average customer. As well as considering the CPC, you need to think about the conversion rate when the visitor arrives at your site. Clearly, an ad could be effective in generating clickthroughs or traffic, but not achieve the outcome required on the web site such as generating a lead or online sale. This could be because there is a poor incentive or call-to-action or the profile of the visitors is simply wrong. One implication of this is that it will often be more cost-effective if targeted microsites or landing pages are created specifically for certain keyphrases – to convert users to making an enquiry or sale. These can be part of the site structure, so clicking on a 'car insurance' ad will take the visitor through to the car insurance page on a site rather than a home page. This is not a form of advertising to use unless the effectiveness of the web site in converting visitors to buyers is known.

Table 7.3 shows how CPC differs between different keywords from generic to specific. It also shows the impact of different conversion rates on the overall CPA. It can be seen that niche terms which better indicate interest in a specific product such as 'women's car insurance'

demand a higher fee (this may not be true for less competitive categories where niche terms can be cheaper). The table also shows the cost of PPC search in competitive categories. Advertising just on these four keywords to achieve a high ranking would cost €33,000 in a single day! Some advertisers target lower positions in the SERPs, since visitors are thus better value and lower cost.

Table 7.3 Variation in Cost Per Click for different keyphrases in Google UK

Table 7.3 Variation in Cost Per Click for different keyphrases in Google UK

Keywords	Clicks/Day	Average CPC	Cost/Day	Average position	CPA @ 25% conversion	CPA @ 10% conversion
Overall	5,714	€5.9	€33,317	1.3	€23.4	€58.4
'insurance'	3,800	€5.4	€20,396	1.3	€21.5	€53.7
'car insurance'	1,700	€6.6	€11,119	1.2	€26.2	€65.5
'cheap car insurance'	210	€8.4	€1,757	1.1	€33.5	€83.7
'women's car insurance'	4.1	€10.5	€43	1.0	€42.2	€105.4

Optimizing Pay Per Click

Each PPC keyphrase ideally needs to be managed individually in order to make sure that the bid (amount per click) remains competitive in order to show up in the top of the results. Experienced PPC marketers broaden the range of keyphrases to include lower volume phrases. Since each advertiser will typically manage thousands of keywords to generate clickthroughs, manual bidding soon becomes impractical.

Some search engines include their own bid management tools, but if you or your agency is using several different PPC services such as Overture, Espotting and Google, it makes sense to use a single tool to manage them all. It also makes comparison of performance easier. *Bid management software*

can be used across a range of PPC services to manage keyphrases across multiple PPC ad networks and optimize the costs of search engine advertising. The current CPC is regularly reviewed and your bid is reduced or increased to achieve a goal of profitability or sales volume.

Some bid-management tools such as Efficient Frontier use historical click, cost, impression and position data to model the whole campaign in a portfolio-style approach similar to those used by stock market traders. For each keyword and each position, these tools predict the required bid, the actual CPC, the click volume and the conversion rate.

As more marketers have become aware of the benefits of PPC, competition has increased and this has driven up the CPC and so reduced its profitability. We will soon reach the point where those bidding at the top will be the companies with the most efficient web sites for conversion to outcome and the highest potential lifetime value for cross-selling.

As we mentioned at the start of this section, it's important to optimize the Google Display Network through different forms of targeting and creative that work to engage when the visitor is not directly seeking information in the search engine. The Google Placement targeting tool and Google AdPlanner can be used for targeting as shown in Figure 7.13. We will also explore automated bidding and advanced automated location-based marketing later in this chapter.

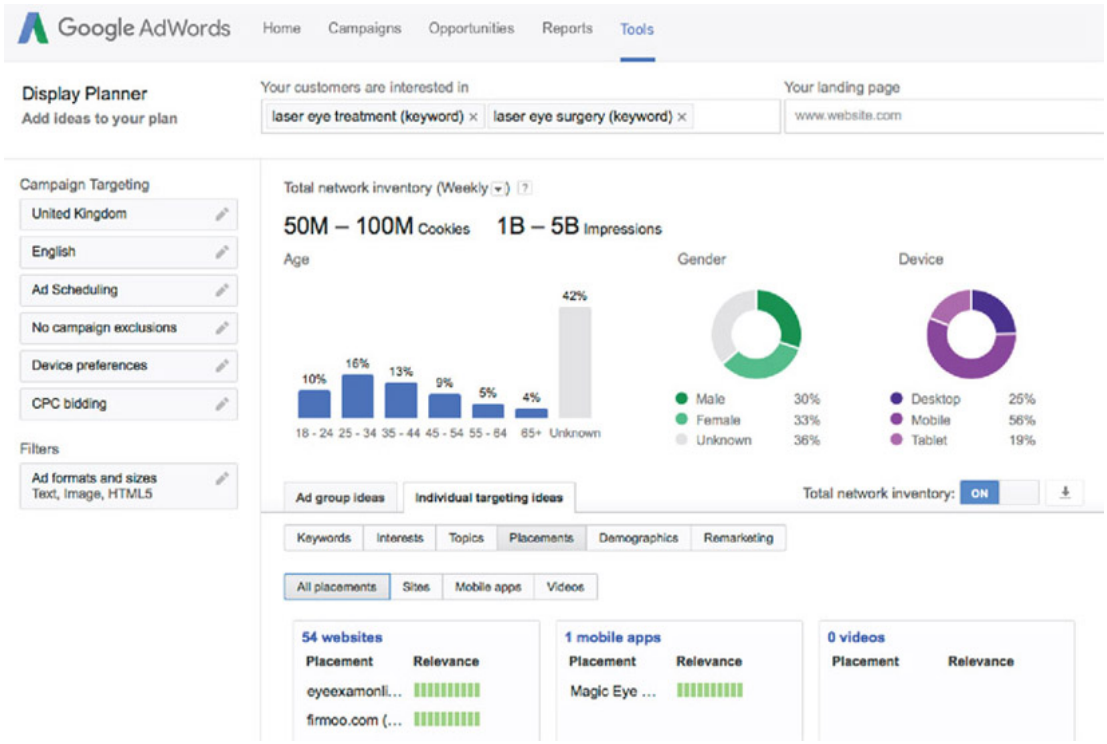


Figure 7.13 Targeting the Google Display Network with the Placement targeting tool

Making your ad creative effective

We have seen how important creative ad copy is to Quality Score and minimizing costs. Compare our tips checklist against the ads in Figure 7.6. Your copywriting techniques need to work within the many editorial guidelines.

Digital marketing best practice checklist – effective paid search ad creative

- ☑ 1 Deliver relevance by including search term keywords in headline and body
- ☑ 2 Be specific on the offer

☑ 3 Include specific benefits; e.g. free delivery costs
☑ 4 Differentiate – explain what is unique about your offering
☑ 5 Include numbers as appropriate since they stand out when visitors scan the page
☑ 6 Use CAPS (capitalize first letters and use acronyms where appropriate)
☑ 7 Space can be good – sometimes relatively short text can have a higher impact
☑ 8 Use characters (sensibly): !, ?, :, &
☑ 9 Be quirky!
☑ 10 Use distinctive words
☑ 11 Try to squeeze in a call-to-action
☑ 12 Capitalize display URLs (the web address shown) and consider including a sub-folder that highlights the product or a benefit.

Beware of the fake clicks – click fraud

Whenever the principle of PPC marketing is described to marketers, very soon you can see 'a light bulb come on' and they ask, 'So we can click on competitors and bankrupt them?' Well, actually, no. The PPC ad networks detect multiple clicks from the same computer (IP address) and say they filter them out. However, there are techniques to mimic multiple clicks from different locations such as software tools to fake clicks, and even services where you can pay a team of people across the world to click on these links.

Advertisers have known about click fraud for a long time. But recently, criminal networks (not just competitors) have invaded this space. The World Federation of Advertisers has stated that 'online fraud is endemic.' (Cookson, 2016). As digital ad spending has doubled in the last four years to reach $159 billion in 2015, this money has attracted the criminal world which uses an army of bots that simulate the activity of a real person visiting a site. Hackers create the bots by sneaking malicious software onto vulnerable

computers. Then the infected computers quietly direct their bots to mimick real traffic and visit various sites, watch full length video ads and even enter products into shopping baskets. The Association of National Advertisers (2016) estimated that some of the worst hit brands had served 37 per cent of their online ads to bots. They estimate bots will steal $7 billion globally in 2016. Some brands now buy directly from media groups and more detection software is being developed.

Section Summary 7.3

Paid or Pay Per Click search marketing

1. Review the relevance of Pay Per Click advertising and be sure to devote sufficient resources to deliver ROI from these.
2. Master your Quality Score
3. Manage your PPC campaigns by constantly calculating and optimizing CPA
4. Beware of click fraud.

7.4 Banner advertising

Introduction

Banner ads do have low clickthrough rates (average CTR 0.17 percent). This is less than two clicks per 1,000 impressions, showing the difficulty of driving response from online ads (Chaffey, 2016), but, even if the ads are not being clicked, they are often being seen by audiences. This can generate awareness or preference or whatever the ad message is trying to achieve. In

fact banner ads can help to *build awareness, shape attitudes, solicit responses, enable transactions, increase sales* and *encourage retention.* With such low levels of CTR, it seems as if building brand awareness and/or reinforcing brand awareness (rather than making sales) may well be more suitable goals for banner ads. Having said that, many banner ads are now 'transactional banners' or, alternatively, branded applications (apps), which means customers can buy directly from the banner without being taken away from their preferred platform to a website. Customers on Facebook can order a pizza delivery while on Facebook.

Diminishing CTRs and relatively high costs triggered some commentators (Goodwin, 2014) to say that effectively 'banner ads were dead': 'mobile has migrated from banner ads that once worked, to native ad units, click-to-download ads and in-feed ads, all desperate and temporary successes in keeping clicks at acceptably low levels'. However, banner ads today can be highly targeted (including behavioural and retargeting), reduce costs (via ad networks) and increase responses (new ad formats).

Types of Banners

The classic 468 × 60 rotating GIF banner ad is virtually dead: many online users suffer from 'banner blindness' as we simply filter out this content. Media owners now provide a choice of larger, richer formats which web users are more likely to notice. Research has shown that message association and awareness building is much higher for Flash-based ads, *rich media* ads and larger format rectangles and skyscrapers. Visit the rich media ads at www.eyeblaster.com or www.tangozebra.com and you will agree that they definitely can't be ignored.

Other online ad terms you will hear include *'interstitial'* (intermediate adverts before another page appears); and *'superstitials'* (pop-up adverts which require interaction by the user to close them down). Online

advertisers face a constant battle with users who deploy pop-up blockers or, less commonly, ad-blocking software. Some media sites such as the *Guardian* charge a premium for those users who don't want to see ads.

Contextual Advertising and Behavioural Targeting

Marketers are now free from the limitation of segmenting and targeting customers with 'monochrome' classifications such as 18- to 25-year-old ABC1s. In addition to age and sex, location, workplace and college, today marketers can target customers according to their actual behavior online, interests and passions (by keywords used) and location (see Location-based ads, below).

Online organizations, such as newspapers, can now serve very specific ads to readers online determined by the words on the pages they read, the number of pages they read and how often they read these pages. Ads can be selected according to a customer's changing status or status updates on Facebook. For example, a man who announces to his network of friends that he is getting married or updates his status with 'I'm getting married' or 'I've just got engaged' will find that he is subsequently served ads about wedding photographers, suit hire, limousines, romantic honeymoon holidays and maybe even wild stag venues. This is contextual advertising.

If say, you are advertising on Facebook, you can see, as you add a filter (a segmentation variable), the number of Facebook users that fit the profile. For example, if a 23-year-old male living in a major city is online comparing car prices, he can be served (or targeted) with an ad for a small Mini Cooper car, while a 40-year-old suburban businessman with children might be served an ad for a people carrier. It gets more interesting. Ads can be made even more relevant according to the geographic location of the customer. This is location-based advertising (LBA) and will be explored later. First, consider programmatic ads.

Programmatic Ads

Programmatic advertising (PA) automates the buying and selling of advertising space, whether it is on desktop display, video, FBX or mobile, all using real-time-bidding. 'Programmatic Advertising effectively automates the bidding, buying and placing of online advertisements in real time in order to continually optimise the return, or profitability, of the continuing stream of advertisements' (Smith and Zook, 2016).

How programmatic ads work

Zowie Skelton (2015) describes how it works:

> ***So, when a consumer visits your website, the browser communicates with an ad server – the technology that places adverts on websites. The server then sends a message to an ad exchange with information about that user, such as the IP address, location and details of the website the consumer is visiting. A web page has space on it for ad space which is available for real-time bidding. Information about the web page, and the user viewing it, is passed on to an ad exchange, a platform which then auctions off the available ad space to the highest bidder. As an advertiser, you – or your media buyer – send a bid electronically to the ad exchange via a demand-side platform (DSP).***

Programmatic ad campaigns use software and algorithms that automatically trigger the display of an advertisement when triggered by an event (such as a customer's physical location, or it could be triggered by one of your previous web site visitors landing on another company's web site page, or an ad can even be triggered by a change in the temperature (see below). So, marketers and their agencies set up the rules of the campaign – how the ads are bought, whom the campaign targets, how it is planned – before any ads are launched. Human input is required to plan and set up these detailed rules. After that, programmatic campaigns generally use automated channels such as digital ad exchanges.

Digital Marketing Insight

Temperature-driven ad campaign

> Kronenbourg ran a campaign promoting a summer beer (with fruity flavours) targeting consumers on their mobiles depending on where they were at the time and only if the temperature was above 25 degrees. Effectively, Kronenbourg only bought the mobile ad placement if the conditions were right, giving it a potentially much more effective ROI.
>
> (Citrix, 2014)

Ad exchange

Marketers (and their agencies) buy ad space via a Demand Side Platform (DSP) such as MediaMath, AdRoll or DoubleClick Bid Manager. All of this happens in real-time: while a page is loading, an invitation to advertise goes out and a bid is made and, if accepted, the ad is then served to that individual. Kaye (2016) demonstrates how this is very different to the traditional reservation buying or direct buying from a publisher (media companies or web site owners).

Programmatic ads advantages

Programmatic advertising or programmatic marketing uses data to automate the buying and selling of media inventory (ad space). This helps marketers to:

1. Target more relevant audiences
2. Tailor and personalize ads

3 Remarket or serve an ad to someone who was a previous visitor to your web site.

Programmatic advertising uses real-time first and third party data to identify the best online audience for a campaign.

Advertisers used to buy thousands of impressions or blocks of impressions. Everyone saw the same ad. Today, PA and its RTB (Real Time Buying) use automated auctions to sell display impressions to the highest bidder (one impression at a time).

Publishers list their inventory (and their audience profile). Advertisers specify which ad inventory (audience profile: demographics, geography, interests, behaviours, time of day, device, etc.) they wish to purchase.

When an advertiser is matched with its target audience, ad exchanges use automated auctions to sell individual impressions to the highest bidders, whose ads are then served to the individual. This is all done in about one-tenth of a second.

Programmatic advertising effectively replaces some of the human-based tasks of buying ad space. This is why the 'Maths Men' have become a lot more important in the ad world. They create clever algorithms to place ads in real time in front of more relevant audiences. Those clever Maths Men that used to work in the city are now needed by ad agencies and being lured by agencies with very large salaries. The 'Maths Men meet the Mad Men' (classic ad agencies).

Mad Men or Maths Men meet programmatic robots

The shift towards auction-based buying of media formats such as search and video and automated trading of display media, has moved the industry to data-driven, technology-centric planning and buying modes.

Mad men, meet algorithm.

Algorithms are sets of rules that perform operations, from simple data processing and calculations to more automated reasoning and artificial intelligence. Decision systems applied to vast pools of media inventory or search queries allow humans to triumph over complexity and solve multivariate marketing inputs, in real time.

...

Given the size and intensity of the UK's advertising industry, it is little wonder programmatic buying platforms have proliferated. Programmatic trading enables advertisers and agencies to make sense of data inputs in real time – consumer signals, inventory types, context, pricing and creative offers – and make instant, efficient buying decisions against target audiences.

(Naughton, 2015)

Implementing programmatic advertising

Implementing RTB is relatively easy but optimizing RTB is a bit more challenging. However, it is worth it as continual small improvements add up over time to become significant savings and significantly higher conversions.

Bad ads damage brands and publisher

The ad industry is chock full of urban myths and legends. One such myth is that bad ad creatives are not really that bad. That no one will notice. But poor quality ads are, in fact, not neutral at all. Facebook, Google and others are realizing that a bad ad experience does lasting damage – not only to the advertised brands, but to the publisher. In a world where ads are considered by many to be intrusive anyway, serving a poor ad just makes everything worse. Bad ads hurt everyone in the ecosystem— when advertiser's campaigns don't perform, viewers hate them; they miss their ROI objectives; publishers deliver poor user experience and risk losing visitors. A very vicious cycle.

(Daboll, 2014)

Remarketing

This section on how remarketing works is taken by kind permission from Smith and Zook (2016).

Remarketing, or retargeting is the practice of delivering display-advertising to either previous visitors to your site (site retargeting), or to web searchers seeking out products and terms similar to yours on major search engines (search retargeting). So, for example, if you put a shiny new Nikon D800 in your shopping cart, but don't buy it, Google (and others) will offer advertisers the opportunity to put ads for the D800 in front of you and others who have done the same. The challenge, highlighted by Lynne (2012) is 'not that retargeting is hard to implement, but rather that most web marketers don't know how to make it work with their already existing web marketing efforts'.

Sometimes also referred to as retargeting, remarketing, enables marketers to serve ads to previous visitors to their web site long after they have been on the site. Retargeting ads can be displayed as reminders across many publisher and social media websites whenever the visitor goes online (provided that the advertiser has signed up to advertise with the relevant ad network). Effectively, marketers get a second chance to remind their visitors about the brand whose web site they just visited. The brand can also deliver a Call-To-Action (CTA) to help the visitor reconnect with the brand. So retargeting delivers ads to an already interested audience (since they've already bothered to visit the web site).

How does remarketing work?

Here's Google's own explanation: remarketing can help you reach people who have previously visited specific pages on your website as they visit other sites on the Google Display Network.

To start using remarketing, add the remarketing tag (a small snippet of code that you get from AdWords) across all your site pages. Many sites have an identical footer for all pages, and this remarketing tag could be placed there. Once you've added the remarketing tag to your site, you can create remarketing lists for any of your webpages – effectively a list of visitors (without their names) who are interested in product X (if they visited product X page). So when a visitor visits this page, their cookie id is added to the remarketing list. If that visitor (or that browser) with the unique cookie appears on another site, the original site is invited to bid to serve an ad to that already interested visitor – even though they are on another site (Google, 2016b).

Remarketing = Stalking?

> ***Some consumers [are] being bombarded by these ads. Poorly executed campaigns make ads stick to you like flypaper, following you everywhere you go, sometimes weeks after visiting a marketer's Web site. While retargeting can create a lift in direct-response metrics, what is the long impact on branding from being relentlessly stalked like this? It's a question that smart brands are considering carefully.***
>
> ***(Straz, 2012)***

Remarketing to visitors who leave your site ('funnel exiters')

Remarketing helps you to contact visitors ('users') who dropped out of your online sales funnel. For example, imagine this is your web site sales funnel:

> Category page > Product page > Cart page > Checkout page

So you now create a separate audience ('list') for each stage of the funnel by targeting users who exited the funnel at that stage and excluding users who exited the funnel at later stages. For example, create an audience of users who left the funnel at the product page. Include users who viewed the Category page (e.g. Apparel/Mens+T+Shirts) and also viewed the Product

page (e.g, G+Logo+White+T-Shirt). Exclude users who also viewed the Cart page and the Checkout page. (See Google, 2016c.)

When creating your remarketing audience, it's almost too easy to throw together an 'All Users' audience, or even 'All Users (Excluding Converters)', although bringing back visitors (users) who visited your web site, but didn't buy, to try to convert them into a customer is the most popular approach. This is usual for a low-traffic web site (with less than 5,000 sessions per month). Higher traffic sites need to be more creative with their remarketing. Here are two other approaches:

Remarketing to visitors interested in specific products

You can create different remarketing audiences based on the specific pages that visitor/users have visited. Brett Middleton (2016) describes a small business that has the following pages: Home page, ten product pages, Contact, About Us and Blog. Do not send these people to a general home page. Tailor a page for each type of visitor.

Visitor A – visits Contact page, which suggests they are close to a decision, i.e. end of funnel.

Remarket and send this audience to a page designed specifically for conversion (include your best content and any information that may have kept them from converting, plus a CTA).

Visitor B – visits blog post, which suggests they are still at the information gathering stage, i.e. top of funnel.

Remarket and send this user to a lead magnet (or an opt-in white paper or video).

Remarketing to customers to upsell

Instead of using email to either cross sell (other products) or to upsell (sell higher quality products), remarketing can be used. Existing customers are, on average, six times more profitable than new customers. Here's one of the reasons why: Your most supportive prospect is a satisfied customer who has just agreed to buy a particular product from you (note: they must have visited the site within the last 30 days). There is an opportunity to either:

1. Introduce a new premium level of service/subscription that is premium-priced, or
2. Remarket a related product, B, if they have already bought product A.

Remarketing to customers to inform and retain

Brilliant content marketing fails if no one sees it. A lot of resources go into creating great content. So why not use resources to promote the content (otherwise it is wasted content). Remarketing can be added to the suite of tools to promote your content (usually includes email and social media). As Middleton (2016) says, 'If your content is showing up in your email marketing, on your website, in your social media account *and* in the Google Display Network, you're going to be in a good place'. And if the content relates to 'how to get the best out of the products' the customer has just bought, it may be even more relevant and helpful to the customer. This ensures they come back to your web site, so you can keep them in your remarketing audiences.

Middleton summizes as follows:

> ***By diversifying your usage of remarketing, you will see a few things happening: you will get more interaction from your current customers who may be ignoring your emails, and you'll develop a better understanding of the nuances of remarketing, creating very***

specific audiences and sending them to pages based on their previous interactions with your brand.

Location-Based Ads V2

This section is taken by kind permission from Smith and Zook (2016).

How it works

If you, a consumer, are browsing via your mobile (or tablet) and you click onto the sports page of the *Guardian* newspaper online, a ping (it's called a 'bid impression/bid stream') is sent from the publisher (the *Guardian*) to an online ad network. This effectively announces that a viewer is looking at the sports page on the *Guardian* and invites bids (in real time, i.e. right now) from advertisers (or their agencies) to serve an ad to this consumer. Marketers can see what the viewer is looking at at that time via the bid impression (if they work with the right Supply Side Partners (SSP)). They can also cross-reference that device ID into their own database and see what that person generally looks at or has looked at in the past and where they usually go location-wise. The advertisers gain access to buying this impression and then have an ad served via a DSP (see below).

Brands seek to get in front of their prospective customers (and even their existing customers and sometimes their competitors' customers), ideally when that customer is either already aware of the brand and/or is moving towards making a purchase. This is where LBA can deliver much more relevant ads to customers by targeting only those customers whose behaviour has already expressed an interest in the product or service by (a) visiting a physical location (in the real offline world) and/or (b) visiting a website or app online. Brand advertisers access the DSP while SSPs are the publishers (web sites and/or apps) that provide data and the ad space (or ad inventory).

Add layered data

Data companies, like Experian, can delve into their databases to reveal additional insights about target markets. No names are given. It is hashed anonymized data. Experian can reveal if there are people in the post code area you have geofenced that have, say, applied for a credit card. This data could be used to target a credit card ad that may be useful to them to help them buy, say, a new baby buggy, etc.

Data-driven, programmatic, ad buying solutions companies, like Blis (an advanced location data technology agency), help advertisers. They could ask Experian: 'We are looking at these postal codes for people interested in mortgages. Have you got any information on people looking for mortgages in that geographical area?' Experian might deliver aggregated anonymized data (not individual information) which gives an insight, e.g. they may reveal that there are approximately 8,000 people looking for mortgages in a particular area where previously Blis were only targeting, say, 1,000 mortgage customers.

Given the number of people in this post code who have recently had 'mortgages in principle' enquiries made on their credit file (in other words, people that have applied for mortgages already), Blis could start to look at other people that they haven't yet targeted, in addition to that original target group. Blis can then delve into its own database to look at browsing histories of other devices in that area. The target audience might grow from 1,000 to 3,000 based on the additional 'layered' data from Experian.

Experian basically delivers insights into the target market. They provide info on ABC1 in a particular area. Some of that information might include a post code. In which case, Blis can start looking at residential IP addresses on that post code. Then they can start seeing devices that are attached to that IP address and then devices when they are leaving the home. This is just

another way of developing behavioural location user IDs. Blis can get residential IP addresses once potential customers connect via wifi.

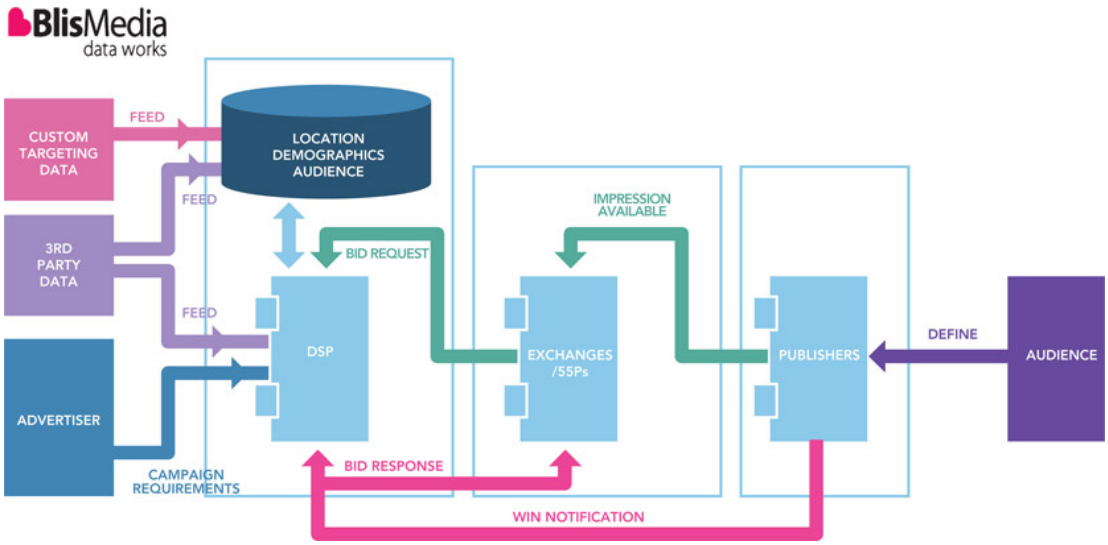


Figure 7.14 Summary of the data flows for a programmatic ad exchange. Reproduced by kind permission of Blis

Location-based ad variations

There are many types of LBA ads, such as a text message display ad. Push-based ads are sent by a media company once the customer has (1) opted in to receive relevant ads (often opting in while signing up for a mobile phone service) and (2) is in a particular location.

Sharing your location data

A restaurant, pub or night club may incentivize customers to share a special offer whilst sharing their location with friends to attract their friends into the venue. Other customers might value knowing that a friend is having a coffee around the corner – as long as they are happy for all their network to

see what they are doing and with whom. Sharing location information with your network may become as common as sharing your status update.

Targeting local audiences

Another variation of LBA can integrate with other data. For example, if a local newspaper collects postcodes as part of its registration process and has, say, 10,000 readers in a certain postcode area, it could serve local restaurant ads and special offers to just those 10,000 customers who live near those particular restaurants. The paper can still cover national, international and local news whilst delivering very relevant local ads.

Behavioural mapping (via location and movement as opposed to traditional behavioural targeting)

Behavioural mapping is a type of systematic observation research that tracks behavior over space and time. The tracking may focus on a particular place or be based on an individual's movements. These two techniques are also called: 'place-centered' and 'person-' or 'individual-centered' mapping. Here's how Mini (cars) worked with Blis to use behavioural mapping to raise awareness (brochure downloads) and engagement (the number of test drives) for two new car models, the Mini Countryman and the Mini Paceman.

Many web sites, some apps and most free wifi systems opt users into this type of advertising (permission is often granted when accepting the terms and conditions of free wifi, so read the small print), or when accepting cookies. Each device is given a unique identifier which can then be tracked.

Mini use real-time programmatic advertising to reach their target audience

Through behaviour mapping and/or IP location, Mini was able to serve ads in real time to ABC1 device owners who were visiting four or five star hotels, Michelin star restaurants or business class lounges in airports, or who were in proximity to a Mini dealership or in a competitor dealership.

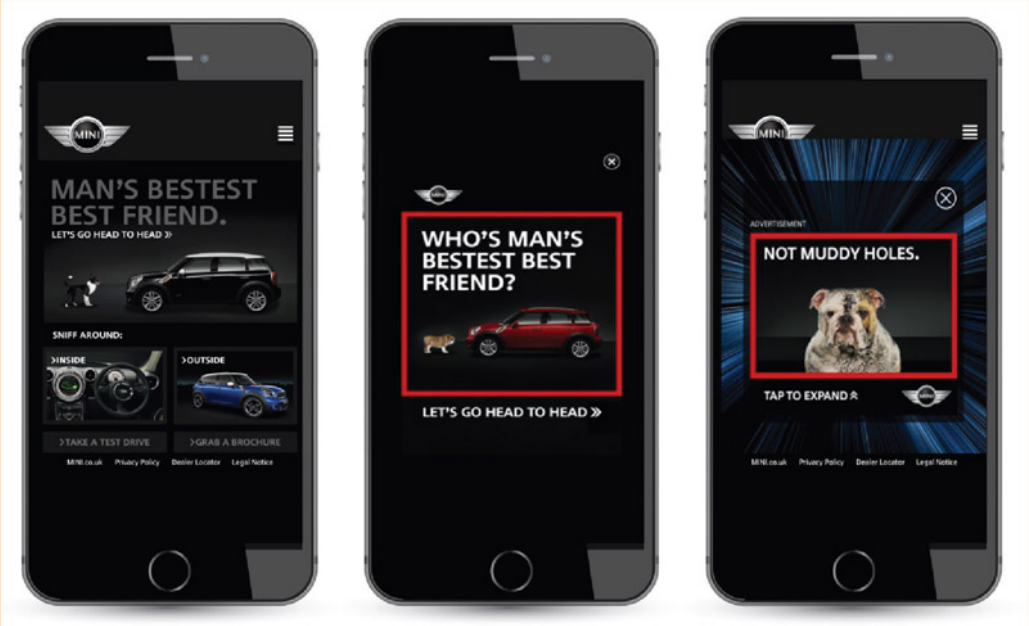


Figure 7.15 Mini ads

Reproduced by kind permission of Blis and Mini Cooper/BMW

It took two days to set this up. The £20,000 campaign ran for five weeks and delivered an average campaign clickthrough rate (CTR) of 0.55 per cent (the industry benchmark CTR is 0.5 per cent) and 160,843 average daily impressions. Mini Paceman ads delivered a greater volume of impressions (63 per cent) but Mini Countryman ads delivered better CTR (0.60 per cent). iOS out-performed Android on device OS CTR – 0.97 per cent versus 0.75 percent. The CTR peaks were at mid-morning (10:00), mid-afternoon (14:00) and immediately after work (17:00) –

break periods and commuting times. CPM (or CPT) was between £5 and £8.

Using expert partners

Data-driven, programmatic, ad buying solutions companies are required.

Managing a location-based ad campaign

At this stage in the evolution of location-based ad campaigns and programmatic advertising, it is probably easiest for many marketers to use expert companies in the field, e.g. data-driven, programmatic, ad buying solutions companies, such as Blis. To work with these kinds of solutions companies, marketers must understand:

- How location-based marketing works (target markets; publishers; advertisers)
- How layered data reveals additional insights about target markets
- How DSP, exchanges and SSPs interact
- Data flows, bids and ads
- Adding unique identifiers to each device IP
- Tracking visitors
- Micro LBA cases, e.g. Gillette and Thomson Holidays.

Data flow, bids and ads

LOCATION-BASED MARKETERS CONTINUALLY COLLECT DATA

As already mentioned, if your apps or your social media platforms are 'location enabled' your device location can be detected via the information passed back to the exchange from the publisher (the web site) and sometimes via GPS. However, exchanges/SSPs often wrap up very basic estimated

location data into GPS coordinates and try to sell it on. This is where some specialist agencies clean and filter the data so that only precise data (coordinates with five decimal points of accuracy) get used as the user passes locations such as football stadia, hotels and tube stations. This creates a footprint of where you have physically travelled in the real world over the last two months (if the device ID is in a particular database and, if the device, at that time, is using either apps or visiting web sites that subscribe to the SSP Ad Network).

A UNIQUE IDENTIFIER IS ADDED TO EACH DEVICE IP

A brief history of where you physically went in the offline world plus where you have visited online can be added to the unique identifier. This data can be used to infer your gender, age and interests, e.g. if you visited Mothercare and young women's fashion sites, it will infer you are a young mother (or about to become a young mother). But cross referencing with other third party data could actually reveal that this particular user is actually a young father so the ads served would be different. Agencies can also layer additional data, e.g. Experian or the DVLA databases.

UNIQUE DEVICE IDENTIFIER (UDID)

Each Smart Phone has a UDID which is a sequence of 40 letters and numbers that is specific to each device and looks like this: 2b6f0cc904d137be2e1730235f5664094b831186. This unique device address/identifier is created by the manufacturer. When you turn on the device the software creates a device ID or IDFA (identity for advertising) so publishers can recognize devices when they connect.

Mobile web 'cookies' are what ad servers drops into the mobile web browser to understand what kind of content they are using. If ads are displayed, 'in-app' cookies can't be used. Instead, unique device IDs may be used.

HOW IT WORKS

If you are (a) using a public wifi system, (b) using an app, or (c) browsing a web site, then after asking your permission, each device can add a tracking code to enable identification of the user as they visit other sites.

So if a user is logged onto a BMW wifi point in a dealership, they may be in the research mode or actual purchase stage. Their level of interest can be identified from the visitors' click behaviour. Location and demographic data can be combined to define digital audiences, and then serve tightly targeted display ads (via real time bidding) to users across mobile, tablet and laptop.

Bidding information

About 16-24 pieces of information are attached in the 'bid stream' (a bid request announcing that an ad impression is available for auction) from the publisher, via the exchange. Information within the bid request includes: minimum price CPM, Lat/Long data, gender and the device ID, for example. This information gives the bidder location, content and behavioural data so they can decide on the amount of their bid.

Advertisers serve relevant ads

Advertisers can serve timely geo-location offers to individuals in a retailer, a supermarket or anywhere within five metres of a location. They can also then link the device footprint (where the device owner physically walked, e.g. to Ladbrokes to place a bet). They can also layer on additional data from third parties.

Advertising is now as much about Maths Men as Mad Men

‘Advertising is now as much about Maths Men as Mad Men’ says WPP ad supremo Sir Martin Sorrell (Evening Standard, 2013).

You can see why mathematicians (many of whom previously worked in the City stock market) are now employed developing algorithms to optimize the buying and selling of stocks and shares in real time. Their USP is the way they crunch the data, which is gathered from various partners such as wifi networks, supply side platforms and so on.

Digital Marketing Excellence

Examples of using contextual, real-time insight to boost campaign engagement

Blis were asked by Gillette to deliver rich media ads incorporating dynamic weather info to female mobile users in a designated age range across the UK.

The immediate results showed an uplift of +10 per cent who identified Gillette Venus as a trusted brand and a +11per cent uplift in those who thought it was a brand for people like them.

Blis were asked by Thomson Holidays to increase footfall (traffic into their stores). Using Path (a retargeting solution) and footfall attribution (measuring footfall in a location related to an ad) they helped Thomson combine remarketing and Out Of Home (OOH) billboards. By comparing a control group against a group served with the ads, they tracked path activity through to store footfall up to seven days later.

This delivered an increase in store footfall. Ads served in OOH sites showed a +121 per cent uplift; previous travel sites or App users

showed a +135 per cent uplift; Thomson store visitors showed a +138 per cent uplift

This subsequently helps to reallocate budget more efficiently.

Campaign Automation

With the many devices that users own and with different advertising techniques available, including native advertising, real-time retargeting and video ad campaigns, campaign automation is needed to make this activity manageable. Campaign automation manages all the tasks involved with creating, deploying and optimizing social marketing campaigns – ideation, planning, ad creation, campaign launch, tracking, optimization and insights analysis. Then, multiply that process by numerous products, brands, agencies, locations and vendors, and you can easily see how campaign management can become very complicated very quickly.

Campaign automation with 1,000 video ads targeting 600 groups and reaching 11 million potential buyers

Lexus created over 1,000 video ads for a single Facebook ad campaign using campaign automation from Unified. They targeted 600 different segments and delivered almost 4,000 ads to reach 11 million potential buyers with the help of an Automation Engine from Unified. This generating a 315 per cent Higher Completed Video View Rate plus a 1,673 per cent Higher Engagement Rate.

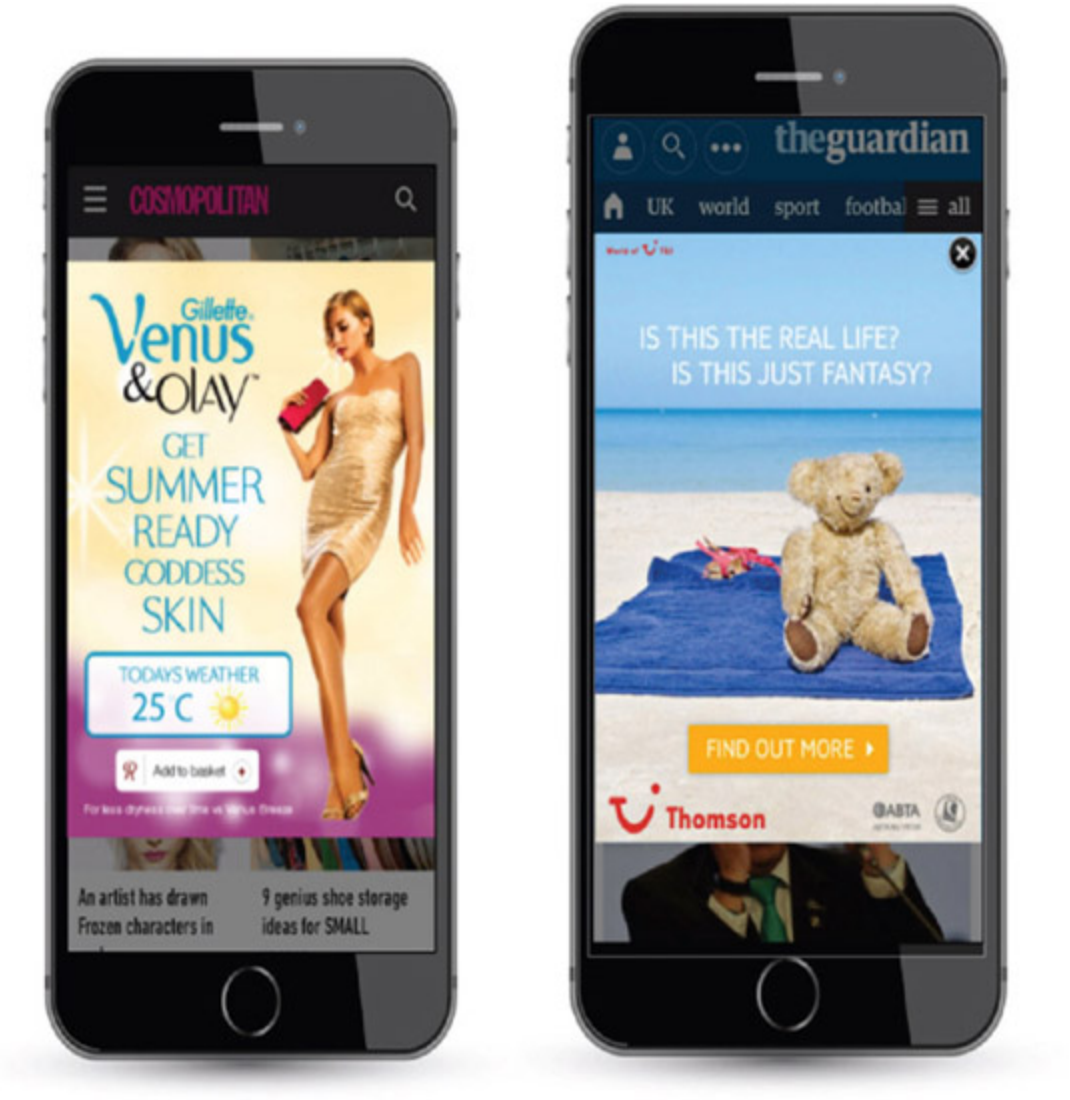


Figure 7.16 Gillette's rich media ads incorporate dynamic weather info. Thomson's mobile ads use retargeting and footfall attribution

Reproduced by kind permission of Blis

Digital Marketing Insight

Online video advertising best practice – keep it short – cater for shrunken attention spans

> ***While a repurposed 30-second TV commercial may be of some benefit, shorter units may have an even greater impact. Short ads may reach a broader audience by communicating a simple message before viewers have the opportunity to become irritated or impatient and stop the player.***
>
> *(Moorey-Denham and Green, 2007)*

Section Summary 7.4

Despite the low clickthrough rates (compared to adwords), these ads are still seen. This generates awareness (at no direct cost). However, many banners have transactional goals (e.g. to sell directly from the ad). Banner can be highly targeted and sometimes blended with native ads (which must be declared). Programmatic ads automate the buying and selling of swathes of ads, whilst trying to optimize the return. Mad men (advertisers) are recruiting maths men (algorithm creators). However creativity is still important as bad ads damage brands. Remarketing and retargeting can target visitors that have been on your site and tailor ads according to which stage of the buying process the customer is at (determined by their digital body language, or click behaviour). Location-based ads v2 combine all this data plus where you have been online and offline. Behavioural mapping layered data can be added to reveal additional insights. Banner ads are alive and well.

7.5 Native advertising

Finally, a word on native advertising. It has been around for some time (some call it advertorial – an ad that looks like editorial) and is essentially online ad content that seamlessly appears alongside natural content or editorial, whether it is a 1,000-word feature, an animated GIF, a video or a promoted post appearing in a stream. Native ads must not disrupt or upset

the editorial, but must seemingly and seamlessly blend with the content surrounding it. Goodwin (2014) demonstrates native advertising examples such as 'a video appearing alongside a publisher's own video content, especially one that riffs on the subject matter of the editorial. Or Facebook's promoted stories that appear alongside users' status updates and are tellingly often similar in theme. The ads that appears alongside the results of Google searches are a cruder form of native.'

Interestingly, ad blockers present a new opportunity for native advertising. Since an ad looks like editorial, it is beyond the reach of ad blocking technology. Native advertising has grown recently and it may become even more popular if ad blocker adoption continues to grow.

Digital Marketing Insight

Sharing the ad experience

Combining the best of targeted advertising with shared media experiences is a powerful recipe for success. 'Shared personalization' delivers very relevant, carefully targeted ads which also allow for sharing. As Rebecca Waber (2013) observed in the *Harvard Business Review*, 'Shared experience shapes our perception of products… Sharing an experience helps encode new memories… Group affiliations are important components of brand loyalty'. Sharing an ad experience involves discussing the ad with a colleague or even liking or sharing the ad on various social platforms. So ads should facilitate easy sharing.

Section Summary 7.5

Banner ads can help build site traffic, but also have a role in building brand recognition. Rich media and large format ads are effective in targeting visitors through placements on specialized portals and dynamic or behavioural ad targeting. Acquiring customers by banners paid for by CPM is relatively expensive and alternative forms of promotion or payment according to results are preferable.

7.6 Online PR

Online PR leverages the network effect of the Internet. Remember, the term 'Internet' is a contraction of 'interconnected networks'! Mentions of your brand or site on other sites are powerful in shaping opinions and driving visitors to your site. Furthermore, as we saw in the section on search engine optimization, the more quality backlinks there are from other sites to your site, the higher your site will be ranked in the natural or organic listings of the search engines.

The UK's Chartered Institute of Public Relations defines PR as follows:

> ***Public relations is about reputation – the result of what you do, what you say and what others say about you. Public relations is the discipline which looks after reputation, with the aim of earning understanding and support and influencing opinion and behaviour. It is the planned and sustained effort to establish and maintain goodwill and mutual understanding between an organisation and its publics [its target audience including potential customers and stakeholders].***
>
> ***(CIPR, 2011)***

Online influencer outreach is now an important activity to identify companies or individuals with a strong online following and then using these partners to influence an audience. Minimizing unfavourable mentions – for example, monitoring and influencing conversations in blogs and social networks through *online reputation management* – is also a key activity of

online PR. These activities are closely related to social media marketing which we reviewed in Chapter 5.

Ranchhod *et al.* (2002) identify four key differences between online PR and traditional PR:

1. *The audience is connected to organizations.* Previously, there was detachment – PR people issued press releases which were distributed over the newswires, picked up by the media and then published in their outlets.
2. *The members of the audience are connected to each other.* Through publishing their own web sites or blogs, on Twitter, Instagram, Facebook and other networks, or through email, information can be rapidly distributed from person to person and group to group. This effectively means that brands can be discussed online, with or without the knowledge of the brand. Everyone is a communicator and the brand is just part of the network.
3. *The audience has access to other information.* Often in the past, the communicator was able to make a statement it would be difficult for the average audience member to challenge – the Internet facilitates rapid comparison of statements.
4. *Audiences pull information.* This point is similar to the last one. Today there are many sources and channels of information – this makes it more difficult for a brand's message to be seen.

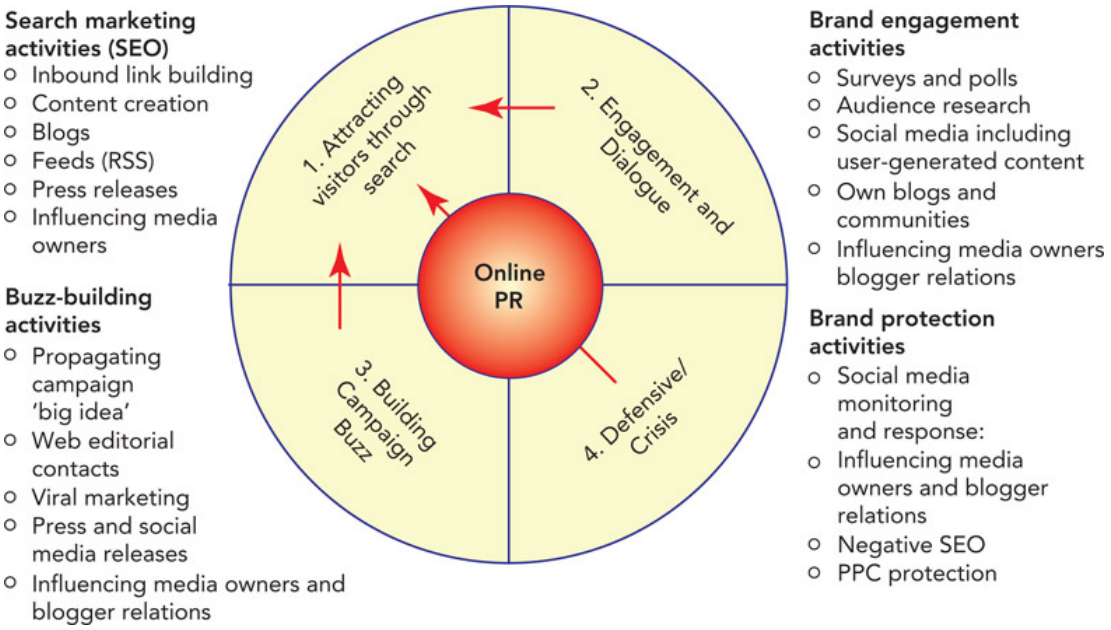


Figure 7.17 Online PR options

There are many activities that need to be proactively managed as part of online PR which we have summarized in Figure 7.17. We recommend you create a plan for online PR in four key areas:

1 *Search marketing activities (SEO).* We have covered these in the previous section. As Figure 7.17 suggests, many of the other techniques involve creating *backlinks* which will also assist with this.
2 *Brand engagement activities.* Engagement is all about creating interaction or dialogue with online audiences to help understand audience needs and potentially influence them. This may be on your own site or on third-party sites through *business blogs* and communities which we will discuss more below.
3 *Buzz-building activities.* Here we use online and social media to create a noise about a campaign or message and then help the message to spread through viral marketing as described in Section 7.9. Naturally, web addresses should also be quoted for all offline PR activity to complete the campaign's objective in driving traffic to the site. This activity will include communicating with media (journalists) online

who increasingly go online to access press releases through e-mail alerts and Really Simple Syndication (RSS) feeds. Options include setting up a press-release area on the web site, creating e-mail alerts about news which journalists and other third parties can sign up for, and submitting your news stories or releases to online news feeds. Examples include: PR Newswire (www.prnewswire.com); PRWeb UK (http://uk.prweb.com) and Free Press Releases (www.freepressreleases.co.uk). These online news release templates are designed to facilitate sharing.

Digital Marketing Excellence

Buzz building requires creativity

A scientific weighing scales manufacturer, Kern, needed to build its brand, differentiate itself and grow market share from both the science and education sectors across the world. During the product interrogation (research) Ogilvy PR discovered that weight varies across the world. How could they give their audience a reason to talk about Kern and its accuracy in measurement of weight? The gnome experiment was born. A chip-proof gnome and a weighing scales in a metal briefcase were given away to anyone who would weigh the gnome and post a photo of it standing beside a world landmark with its weight displayed.

Figure 7.18 The gnome experiment

Reproduced by kind permission of Kern and Ogilvy PR

Within two weeks, Kern had reached an audience of 335 million with a 1,000 per cent increase in distributor sign-ups. 2,200 former customers contacted Kern. 1,445 new leads were generated.

(Smith, 2016)

Relationships with publishers and influencers

Forming relationships with publishers of media online helps to expand the reach of a brand. These influencers are often traditional journalists, but as the case study about Renault shows (see Digital Marketing Excellence box), they may also include bloggers and celebrities. Journalists can be influenced

online through alerts setting up a press-release area or social media newsroom on the web site. *Although editorial coverage has higher message credibility and lower costs than an ad, PR does not control the message like advertising does.* For example, the head of corporate communications at Shell was interviewed by *PR Week* and presumably Shell had a green message they wanted to get across, yet the last sentence written by the journalist was: 'So Shell finds itself incapable of doing anything other than selling a product that is destroying the planet.' (See Smith, 2016a for the full story.)

Digital Marketing Excellence

Renault uses influencer outreach to support new product launch

Renault launched a new range of zero-emission vehicles. Renault's objective was to get people talking about the range and especially the star model, the Twizy. Renault wanted to create links with opinion leaders sensitive to the automotive sector, but also to ecology and new technologies.

To reach influencers and help spread the word about the new model, agency BuzzParadise organized a special meeting at an international event, LeWeb. The idea was for Renault to use this platform to set up viral advertising aimed at a target audience sensitive to technological advances.

Invitations were sent to 13 bloggers from France, Germany, Great Britain, Italy and Spain writing about high-tech, trends, innovation and scientific themes. These partners met for a conference session and for tests of vehicles in the ZE range.

As a result, 22 articles were created across the blogs and, through these, 900,000 exposures to the message were generated. This increased visibility for Renault and its Twizy in the European blogosphere, social networks (Facebook, Twitter) and SEO (Google). The amplification effect of a relatively small number of bloggers is illustrated well by this reach figure. But it's worth remembering that visibility on blogs and social networks like this is usually ephemeral, meaning that the message is only visible for a short time within the blogosphere. So other techniques are also needed to give a more sustained delivery of messages and reminders to the audience. This is where traditional advertising and remarketing through display advertising to those who have already visited a company microsite play an important role.

(BuzzParadise, 2010)

4 *Defensive and crisis PR.* Defensive PR overlaps with many of the activities mentioned above.

It is necessary to track the health of a brand online through reputation management tools and then respond accordingly. Crisis PR involves a proactive approach to manage a potentially negative incident such as hardware which has a major flaw or an oil company that has an oil spill.

Creating Business Blogs and Feeds

Web logs, known as *'blogs'*, were originally a method of publishing personal web pages which were online journals or diaries. But the power of business blogs, which are created by people within an organization, is often underestimated. Let's take a look at some examples and the benefits:

Practical Digital Marketing Tip

Practical Digital Marketing Tip

Simple free online reputation management tools including Giga Alert (www.gigaalert.com) and Google Alerts (www.google.com/alerts) will alert you when any new pages appear that contain a search phrase such as your company or brand names. You can also read our full listing of the main suppliers of online reputation management (www.davechaffey.com/online-reputation-management-tools).

- Showcases a company's expertise on a topic – commonly used by analysts; for example, the Forrester Marketing blog (http://blogs.forrester.com/interactive_marketing). Blogs can also showcase the quality of a supplier's data, the approach taken by Hitwise (www.hitwise.com).
- Gives the company views on issues, so is useful for reaching journalists who today scour the web for stories.
- Can help attract visitors from searchers on the different categories that are blogged on; for example, B2B marketing agency B2B International has a great blog (www.b2binternational.com/b2b-blog).
- Use as a branding and sales promotion tool: Asos achieves both through its blogs. If you take a look at these feeds, you will see they are updated very frequently – more frequently than many traditional publishers.

Digital Marketing Insight

One creative image = 1 billion OTS and £21 million sales

One very creative image released in a news release (and across social media) generated within 24 hours:

- Almost 1 billion Opportunities To See (OTSs)

- 105 new sales leads worth £21 million sales (from people wanting to buy an apartment).

See Figure 7.21 below for the image itself.

Business blogs can be created by individuals, but they often work best with features from different columnists on different types of topic who can specialize in different features or viewpoints just as for a magazine. If you think this way, they are a means of making an e-newsletter more interactive and more topical.

Blogging software is incredibly good value, with many free tools. It is relatively cheap if set up on a separate domain as for the ASOS blog, which is effectively a low-cost, in-house magazine. It can become more expensive the more closely integrated it is with the main site, since this will require additional development costs for coding. A good template style that reflects the brand is important, but these themes can often be applied using similar cascading style sheets (CSS) to those for the main brand, and therefore should not be expensive to create because of the limited number of page types.

The blogging format enables the content on a web site to be delivered in different ways. We'll use the Great Sportsmanship Programme as an example, since this has a lot of rich content which can be delivered in different ways:

- *By topic*. All sportsmanship stories are categorized by (a) sport and (b) country so that audiences can search for rugby only stories or football only stories, or they can search for sportsmanship stories from specific country categories.
- *By tag*. For more detailed topics – each article will be tagged with several tags to help them appear in searches, for example 'respect' or

'crowd behaviour'. Think of the tags like the words listed in the index of a book, while categories are more like chapters.

- *By time*. All posts broken down by the different methods above are in reverse date order. This shows the importance of having a search feature on the blog for readers to find specifics – this is usually a standard feature.
- *By author*. You can feature different columnists who can be internal or external.

These features are great from a usability viewpoint since they help visitors locate what is most relevant to them. They are also great for SEO, since they provide pages focused on a particular topic – e.g. online PR – which are regularly updated with fresh content. That said, there are many basic blogs which don't have any other option than breaking down by archives.

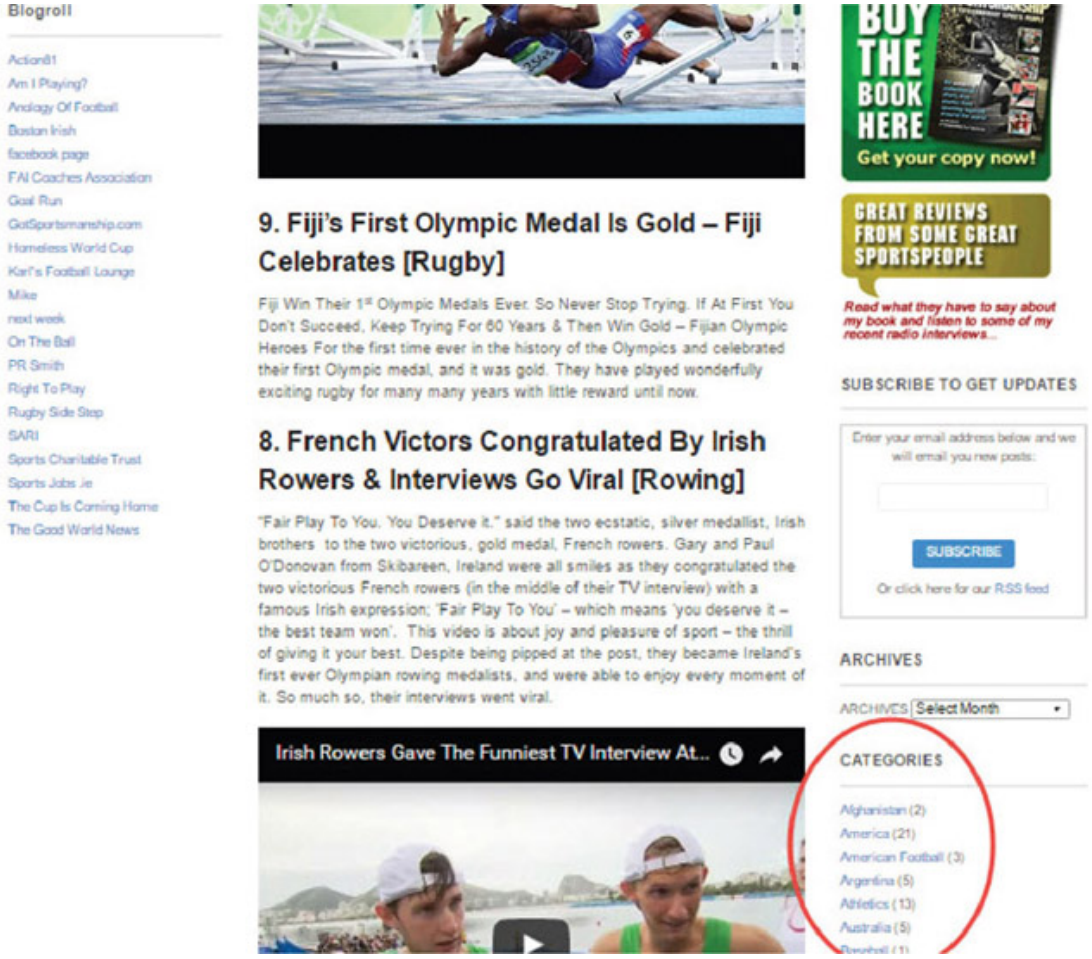

Blogroll
Action81
Am I Playing?
Analogy Of Football
Boston Irish
facebook page
FAI Coaches Association
Goal Run
GotSportsmanship.com
Homeless World Cup
Karl's Football Lounge
Mike
next week
On The Ball
PR Smith
Right To Play
Rugby Side Step
SARI
Sports Charitable Trust
Sports Jobs .ie
The Cup Is Coming Home
The Good World News
9. Fiji's First Olympic Medal Is Gold – Fiji Celebrates [Rugby]
Fiji Win Their 1st Olympic Medals Ever. So Never Stop Trying. If At First You Don't Succeed, Keep Trying For 60 Years & Then Win Gold – Fijian Olympic Heroes For the first time ever in the history of the Olympics and celebrated their first Olympic medal, and it was gold. They have played wonderfully exciting rugby for many many years with little reward until now.
8. French Victors Congratulated By Irish Rowers & Interviews Go Viral [Rowing]
"Fair Play To You. You Deserve it." said the two ecstatic, silver medallist, Irish brothers to the two victorious, gold medal, French rowers. Gary and Paul O'Donovan from Skibareen, Ireland were all smiles as they congratulated the two victorious French rowers (in the middle of their TV interview) with a famous Irish expression; 'Fair Play To You' – which means 'you deserve it – the best team won'. This video is about joy and pleasure of sport – the thrill of giving it your best. Despite being pipped at the post, they became Ireland's first ever Olympian rowing medalists, and were able to enjoy every moment of it. So much so, their interviews went viral.
Irish Rowers Gave The Funniest TV Interview At...
BUY THE BOOK HERE
Get your copy now!
GREAT REVIEWS FROM SOME GREAT SPORTSPEOPLE
Read what they have to say about my book and listen to some of my recent radio interviews...
SUBSCRIBE TO GET UPDATES
Enter your email address below and we will email you new posts:
SUBSCRIBE
Or click here for our RSS feed
ARCHIVES
ARCHIVES Select Month
CATEGORIES
Afghanistan (2)
America (21)
American Football (3)
Argentina (5)
Athletics (13)
Australia (5)

Figure 7.19 Categories on the Great Sportsmanship website

Source: www.greatsportsmanship.org

There are also risks to blogs which may have put many companies off blogging, but these can be countered:

1. *Damage to reputation.* Non-company staff or even company staff can write negative posts or comments or defame others – moderators or a sign-up process which limits contributors are needed. Alternatively, comments can even be switched off, although you then lose the benefits of interactivity.
2. *SEO SPAM.* Blogs will have SEO SPAM comments with links in the post name to other sites unless these are edited using a service like Akismet or Disqus for WordPress.
3. *Poor levels of traffic.* If you prominently label your blog on your site, then you should get a proportion of traffic to visit and maybe they will bookmark the blog. Blogs should attract natural search activity, but as with any SEO activity, they require the keywords of posts to reflect searcher behaviour and they need work to attract links in.

Practical Digital Marketing Tip

Options for setting up and creating a blog

To summarize, here is a checklist of ten options to consider when creating a blog for marketing.

- ☑ 1 *Moderation.* Either open or closed to comments, with or without a moderator. Star rating of posts is a good option.
- ☑ 2 *Frequency.* Five to 20 posts per month would be typical for a company site unless posted in multiple categories for a new site.

☑ 3 *Authorship.* Do you have a single author (e.g. head of company), different contributors or guest contributors?

☑ 4 *Topics.* For usability and SEO, remember to place blog postings of a main blog in categories to enable tagging by different keywords. Alternatively, you may separate out blogs on different topics.

☑ 5 *Integration with web site including SEO.* Links to the blog should be clearly labelled as 'blog' across run-of-site. Article categories should reflect keyphrases you are optimizing for on the main site. Keyphrases within categories and individual posts should show up clearly in <h1> and <title>.

☑ 6 *Email digest/e-newsletter integration.* Can you include some blog postings in your e-newsletter or can the two overlap? You can also invite readers to sign up for auto alerts (via email) when a new post is posted.

☑ 7 *Linking to third-party sites.* You have the choice of using the rel= 'nofollow' on comments – I would advise this to discourage comment link SPAM. Also consider the availability of plug-ins to make blog management easier.

☑ 8 *Images and rich media.* Blogs easily allow images or videos to be integrated. The CIPD blog (www.cipd.co.uk/blogs/) focuses on topical podcast interviews.

☑ 9 *RSS feeds and syndication.* RSS is an extension of blogging where a blog, news or any type of content is received by specialist reader software integrated with a browser (e.g. Firefox Live Bookmarks) or email package (we recommend Attensa for Outlook). These offer a method of receiving news that uses a different broadcast method to email, so is not subject to the same conflicts with SPAM or SPAM filters. Feeds should be made available for the blog overall or in different categories for interested readers to subscribe to. RSS feeds also enable you to distribute your content for use on other sites – so my feeds, for example, are included on the Amazon site.

☑ 10 *Next steps/monetization.* Since blogs like that from ASOS are often set up on a separate sub-domain (http://subdomain.company.com) with a different style, links through to the main site may not be clear. It will help if links to the main site (or ads) are in the left or right sidebars or at the top/bottom of each post where they will be most visible. Also remember to put links back to the main site from within the blog stories – the ASOS blog links to search results for particular fashion items, for example.

Portals

Understanding *your online marketplace and different portals* on which to gain visibility is important to successful online PR and link building. We described an approach to this in Section 3.3.

Section Summary 7.6

Online PR

1 Online PR is maximizing favourable mentions of your company, brands, products or web sites on third-party web sites that are likely to be visited by your target audience.
2 An important part of this is online reputation management, which is controlling the reputation of an organization through monitoring and controlling messages placed about that organization.
3 There are four main differences between online PR and traditional PR: the audience is connected to the organizations; the members of the

audience are connected to each other; the audience has access to other information; audiences pool information.

4 Activities that can be considered as online PR include: communicating with media (journalists) online; link building; blogs and RSS feeds; managing how your brand is presented on third-party sites; creating a buzz – viral marketing.

7.7 Online partnerships

We showed in Chapter 2 that partnerships are an important part of today's marketing mix. The same is true online. Resources must be devoted to managing your online partners. Many large organizations have specific staff to manage these relationships. In smaller organizations it is often neglected – a big missed opportunity. There are three key types of online partnership that need to be managed: link building, affiliate marketing and online sponsorship. All should involve a structured approach to managing links through to your site.

Link Building

Link building is a key activity for search engine optimization. It's simple logic! More quality links from relevant sites mean more quality visitors and more marketing outcomes.

Here is our checklist of six best practice approaches to link building:

☑ 1 *Achieve natural link building through quality content* – through creating 'must-have' resources and guides and using social bookmark tools, such as AddThis (www.addthis.com), to encourage visitors to

bookmark these documents; this creates inbound links from sources such as Delicious.

☑ 2 *Request inbound-only or one-way links from partners* or through running a link-building campaign.

☑ 3 *Reciprocal linking – reciprocal links* are agreed between yourself and another organization. These are less valuable than one-way links, but from trusted sources are usually better than no links at all. Use Majestic SEO or Opensite Explorer to identify potential link partners by assessing your own or rival sites.

☑ 4 *Buying links* – through directories and link purchase exchanges (these are *not recommended* since such sites are widely believed to be penalized by Google when identified).

☑ 5 *Creating your own external links* – on blogs and in community forums – not typically successful since many forums have introduced an attribute tag on outbound links known as rel='nofollow' which means that the search engine can potentially ignore these links.

☑ 6 *Generating buzz through PR* – optimize and distribute your press releases or create articles which contain links back to your site which can be syndicated to third-party sites.

Digital Marketing Insight

Ken McGaffin on why linking matters

Way back in the day, Ken McGaffin (2004) provided a great introduction to link building, which is still valid today. The main principle of link building is, as he says: 'Create great content, link to great content and great content will link to you.'

However, a structured link-building campaign is also needed to maximize the number of quality inbound or backlinks which are from

sites that have a high PageRank and from pages with the right content and anchor text. McGaffin recommends these stages in his report at www.linkingmatters.com:

1. *Who links to you now?* Set up Google Webmaster Tools for the best indication of links.
2. *Who links to your competitors?* Use these backlink checking tools to find out: http://tinyurl.com/gtsspz3
3. *Which sites could link to you?* It helps to categorize the types of site when building links – you will have relationships with many already. For example, directories, media sites, customers, partners and suppliers.
4. *Understand why external sites would link to you.* It also helps to list all the types of content that could encourage links – in particular, content which naturally attracts links, which is known as *linkbait*. Examples include helpful tips, insightful articles and even lists of useful links (don't be afraid to link out from a site). Viral content that people will discuss in blogs is particularly valuable.
5. *Set objectives.* Ask how much you hope to improve your PageRank, the number of links you will seek to gain and how this translates to visitors and competitive positions. This is particularly difficult since one quality link may be more worthwhile than ten poor-quality ones which could be discounted by the search engines, or even damage your reputation.
6. *Make sure your site is link-friendly.* You should have a URL strategy which means clear URLs that others can use on their site. Facilitating social media is part of this, with many sites now having options to bookmark a site with Delicious or Google Bookmarks.
7. *Which links are on your site?* Having sections or articles with links out can encourage others to link to you. It is sometimes suggested that reciprocal links are 100 per cent bad, but this is not the case so

long as they are not part of link-exchanges. It is also sometimes suggested that links out are 100 per cent bad, but this is not the case if they are useful for visitors and they can lead to you being seen as a hub by search engines.

8 *Ask for inbound links.* Although McGaffin and link-building experts such as Eric Ward (www.ericward.com) will rightly say that the best links are natural and generated by valuable content, obtaining links proactively is still a key aspect of link building.

9 *Track and improve.* Use Google Analytics and the backlink checking tools (see point of this list) to review link quality and traffic delivered from different sources.

But remember that it is link quality, not link quantity – you need to gain links from sources which the search engines trust.

Affiliate Marketing

Affiliate marketing is the ultimate form of marketing communications since it's Pay Per Performance – it's a commission-based arrangement where the merchant only pays when they make the sale or get a lead. Compare this to the wastage with traditional advertising or direct mail! It can also drive a volume of business in a range of sectors – many banks, travel companies or online retailers get more than 10 per cent of their sales from a well-run affiliate marketing programme. It's not so suitable, though, for business products or lower-priced consumer products since it won't be sufficiently profitable for the affiliates.

Figure 7.15 summarizes the affiliate marketing process. To manage the process of finding affiliates, updating product information, tracking clicks and making payments, many companies use an *affiliate network* or *affiliate manager* such as Commission Junction (www.cj.com) or Tradedoubler

(www.tradedoubler.com). Since the affiliate network takes a cut on each sale, many merchants also try to set up separate relationships with preferred affiliates often known as 'super affiliates'.

Many of the benefits of affiliate marketing are closely related to search engine marketing since affiliates are often expert at deploying SEO or PPC to gain visibility in the natural search results. The main benefits of affiliate marketing are:

- Gaining more visibility in the paid and natural listings of the SERPs (increase 'share of search').
- You can use different affiliates to target different audiences, product categories and related phrases.
- Affiliates may be more responsive than your in-house or agency teams in terms of algorithm changes for SEO or changes in bidding approaches for PPC. They are also great at identifying gaps in your search strategy. For example, they may be quicker at advertising on new products, or may use key-phrase variants that you haven't considered.
- Enables you to reach customers on generic phrases (e.g. 'clothing') at a relatively low cost if the affiliates secure better positions in natural listings.
- Increasing the reach of your brand or campaign since affiliate ads and links featuring you will be displayed on third-party sites.
- Can be used to generate awareness of brand or new products for which a company isn't well known.
- Use of affiliates reduces the risk caused by temporary or more fundamental problems with your SEM management.
- Pay Per Performance – the costs of acquisition can be controlled well.

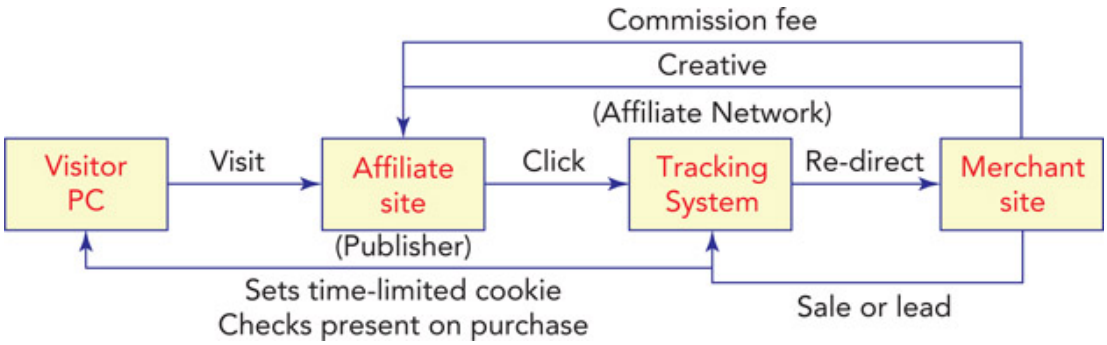


Figure 7.20 The affiliate marketing model (note that the tracking software and fee payment may be managed through an independent affiliate network manager)

But there are substantial downsides to an affiliate marketing programme which arise from the fact that your affiliates are mainly motivated by money. It follows that some of them may use unethical techniques to increase their revenue. Potential disadvantages are:

- *Incremental profit or sales may be limited.* You may be cannibalizing business you would have achieved anyway, as shown in the Digital Marketing Excellence box below.
- *Affiliates may exploit your brand name.* This is particularly the case where affiliates exploit brand names by bidding on variations of it (for example, 'Dell', 'Dell Computers' or 'Dell laptop') or by gaining a presence in the natural listings. It is important to prevent this, and many affiliate programmes exclude brand bidding, although affiliates can have a role in displacing competitors from the listings for brand terms.
- *May damage brand reputation.* Your ads may be displayed on sites inconsistent with your brand image such as gambling or pornography sites. Alternatively, creative may be out of date which could be illegal.
- *Programme management fees.* If you use an affiliate network to manage your campaigns, they may take up to 30 per cent of each agreed affiliate commission as additional 'network override'.
- *Programme management time.* Affiliate marketing is founded on forming and maintaining good relationships. This cannot be done

through the agency alone – marketers within a company need to speak to their top affiliates.

Digital Marketing Excellence

Is affiliate marketing right for us?

The disadvantages of affiliate marketing mean that some marketers may avoid or stop using affiliate marketing.

Dabs marketing director Jonathan Wall (cited by Brooks, 2005) explains how Dabs.com reappraised their use of affiliate marketing. He said:

> ***We stopped all our affiliate and price-comparison marketing in February because we wanted to see what effect it had on our business and if we were getting value for money.***
>
> ***It was proving a very expensive channel for us and we've found [stopping] it has had virtually no effect, because we're seeing that people will still go to Kelkoo to check prices and then come to our site anyway. It's like they're having a look around first and then coming to a brand they know they can trust. We're continuing with paid-for search on Google, but that's all we're doing with online marketing at the moment.***

Since then affiliates were infamously described by Nick Robertson, the CEO of online designer clothing store ASOS, as 'grubby little people in grubby studios' (Gregoriadis, 2007).

Best Practice Digital Marketing Tip

Watch your EPC!

Success in affiliate marketing is based on selecting the right commission levels for different products, which have different levels of awareness, and will have different lifetime values for the retailer. The affiliates or publishers are obsessive about their average Earnings Per Click (EPC) – usually measured across 100 clicks since an average is needed over this number of clicks.

This is a crucial measure in affiliate marketing, since an affiliate will compare merchants on this basis and then usually decide to promote those with the highest EPC, which will be based on the commission levels and the conversion rates to sale for different merchants. It also depends on the cookie expiry period agreed on – the time between visitor clicking the affiliate link and the sale being accredited to the affiliate. Common times are 7, 30 or 90 days. A longer cookie period will result in a higher EPC. Of course, you don't typically want to pay multiple affiliates for a single sale – although that will boost your EPC. Instead, it is usually the last referring affiliate who is credited or a mix between first and last.

You can compare your EPC for different products against competitors using the affiliate networks, which is a valuable insight which you may miss if all affiliate marketing is outsourced. You may also be able to use this to benchmark your conversion rates.

For example, Tesco.com used different affiliates commissions for different products:

- E-diets commission from £12 on 1–9 sales to £20 on 61+sales
- Wine at 2 per cent on lowest tier to 3 per cent on the Gold tier of sales of >£2,500
- Grocery and utilities – flat fee of £5.

Fees are relatively low on groceries for which Tesco.com is well known, but less so for diets and wine where awareness of the product offering

may be lower or competition higher.

Different categories of affiliate site

Online marketers also need to be selective in choosing the right forms of affiliate marketing – not all may be desirable. These are the options for affiliate marketing models for you to consider.

1. *Aggregators* These are the big comparison sites like Kelkoo, Shopzilla and MoneySupermarket.com. These aren't strictly affiliates since most charge per click, but Google Product Search (formerly Froogle) is a free option and you should definitely consider creating a product feed for some of these comparison sites.
2. *Review sites*. You'll know the CNET UK reviews or maybe start-ups like Reevoo or Review Centre. These all link to merchants based on Cost Per Click or Cost Per Acquisition deals.
3. *Rewards sites*. With names like Greasypalm or QuidCo, you get the idea. These split the commission between the reward site and their visitors.
4. *Voucher code sites*. MyVoucherCodes or HotUKDeals are typical. If you have some great deals to entice first-time shoppers, you should generate business, although many search by well-known brand.
5. *Uber-bloggers*. Martin Lewis's MoneySavingExpert.com is an incredibly popular site due to his PR efforts and great content. Although he has no ads, he is an affiliate for many sites he recommends.
6. *All other affiliates*. They don't tend to be high-volume super-affiliates like all the above, but they're collectively important and you can work them via affiliate networks like Commission Junction or Tradedoubler. They often specialize in SEO or PPC. Don't expect this option to be easy since affiliates often only promote a few well-known merchants who maximize their EPC.

Lead generation affiliate bots

In the future, we might see independent knowledge bots (not associated with a particular brand) that could be set up, promoted and used to help people get information about any particular area of interest. In return for giving tailored, relevant and useful content/information, the bot will ask, 'Is it ok if I pass this along to someone who can help you with some special offers?' The bot owner gets paid a commission. In fact, the bot owner can become an affiliate to several suppliers earning commission each time the bot affiliate passes prospect information to a particular company. (See Smith, 2016b.)

What are Widgets?

Widgets are different forms of tools made available on a web site or on a user's desktop. They either provide some functionality, like a calculator, or they provide real-time information; for example, on news or weather.

They are often placed in the left or right sidebar, or in the body of an article. They are relatively easy for site owners to implement, usually requiring a couple of lines of JavaScript, but this does depend on the content management system.

Digital Marketing Insight

Different types of widgets?

A widget is a badge or button incorporated into a site or social network space by its owner, but with content typically served from another site. They deliver content such as up-to-date information or even mini applications. There are now many types which offer to help a site

owner spread their message beyond their own site. In a word, they're about reach. You can encourage partners to place them on their sites and this will help educate people about your brand, possibly generate backlinks and also allow people to engage with your brand when they're not on your site (which is the majority of the time). They offer your partner sites the opportunity to add value to their visitors through the gadget functionality or content, or to add to their brand through association with you (co-branding) and through affiliate arrangements.

1. *Web widgets.* Web widgets have been around for years for affiliate marketing, but they are getting more sophisticated, enabling searches on a site, real-time price updates or even streaming video.
2. *Google gadgets.* Different content can be incorporated onto a personalized Google home page.
3. *Desktop and operating system gadgets.* Windows 10, the Microsoft OS, makes it easier to create and enable subscription to these widgets and place them into sidebars.
4. *Social media widgets.* You see these everywhere; for example, to encourage site visitors to subscribe to RSS or to bookmark the page on their favourite social media site like Delicious, Digg or Technorati.
5. *Facebook applications.* Facebook have opened up their API (application programming interface) to enable developers to create small interactive programs that users can add to their space to personalize it. Charitable giving site JustGiving has a branded API with several hundred users.

Online Sponsorship

Online sponsorship is not straightforward. It's not just a case of mirroring existing 'real-world' sponsorship arrangements in the 'virtual world'. There

are many additional opportunities for sponsorship online which can be sought out, even if you don't have a big budget at your disposal.

Long ago Ryan and Whiteman (2000) defined online sponsorship as: 'the linking of a brand with related content or context for the purpose of creating brand awareness and strengthening brand appeal in a form that is clearly distinguishable from a banner, button or other standardized ad unit'.

For the advertiser, online sponsorship has the benefit that their name is associated with an online brand that the site visitor is already familiar with. So, for users of the ISP Wanadoo, with whom they are familiar, sponsorship builds on this existing relationship and trust. Closely related is online 'co-branding' where there is an association between two brands.

Paid-for sponsorship of another site, or part of it, especially a portal for an extended period, is another way to develop permanent links. Co-branding is a lower-cost method of sponsorship and can exploit synergies between different companies.

A great business-to-business example of online sponsorship is offered by WebTrends which sponsors the customer information channel on ClickZ.com (www.clickz.com/experts). They combine this sponsorship with different ads each month, offering digital marketers information about different topics such as search marketing, retention and conversion marketing through detailed white papers and 'Take 10' online video presentations by industry experts which can be downloaded by registered users. The objective of these ads is to encourage prospects to subscribe to the WebTrends *WebResults* e-newsletter and to assess purchase intent at sign-up, enabling follow-up telemarketing by regional distributors. WebTrends reported the following results over a single year of sponsorship:

- List built to 100,000 WebResults total subscribers
- 18,000 'Take 10' presentations
- 13,500 seminar attendees.

Section Summary 7.7

Online partnerships

We reviewed three key types of online partnership (plus widgets):

1. *Link building* – obtaining links from third-party sites to a company site. This should be performed in a structured manner to maximize visitors from third-party sites and to help increase PageRank within Google.
2. *Affiliate marketing* – a commission-based arrangement where referring sites are paid a fee for sales, leads or visitors. It is potentially a large source of quality traffic for e-retailers.
3. *Online sponsorship* – a long-term arrangement to associate a brand with a site, or part of a site.
4. *Widgets* can be applied to extend your reach via each of these three arrangements.

7.8 Opt-in email

Savvy digital marketers understand that *opt-in email* is a powerful online communications tool. As with direct mail, it is most widely used for direct response, but e-newsletters in particular can also achieve branding objectives. It enables a targeted message to be pushed out to a customer to inform and remind, whilst helping them with useful and relevant information. They are certain to view at least the subject line within their email inbox, even if it is only to delete it. Contrast this with the web – a pull medium where customers will only visit your site if there is a reason or a prompt to do this. But there is a problem: in the minds of many Internet users, email is evil. It is *SPAM*, unsolicited email sent by unscrupulous traders. Some say SPAM stands for 'Sending Persistent Annoying eMail', but

it actually originates from the Monty Python comedy sketch. Remember that SPAM is now outlawed in many countries.

To achieve the potential benefits of opt-in email, marketers should take careful measures to avoid SPAM. This section explains how to achieve this.

Opt-in is the key to successful email marketing. Customer choice is the watchword. Before starting an email dialogue with customers, companies must ask them to provide their email address and then give them the option of 'opting into' further communications and selecting their communications preferences; for example, the frequency of email and type of content. Privacy law in many countries requires that they should proactively opt in by checking a box (showing consent in some way). Email lists can also be rented where customers have opted in to receive email.

Opt-in email options for customer acquisition

For acquiring new visitors and customers to a site, there are three main options for email marketing. From the point of view of the recipient, these are:

1. *Cold email campaign.* In this case, the recipient receives an opt-in email from an organization which has rented an email list from a consumer email list provider such as Experian (www.experian.com), Claritas (www.claritas.com), IPT Limited (www.myoffers.co.uk); or a business email list provider such as Mardev (www.mardev.com), Corpdata (www.corpdata.co.uk) or trade publishers/event providers such as VNU. Although they have agreed to receive offers by email, the email is effectively cold. For example, a credit-card provider could send a cold email to a list member who is not currently their member. It is important to use some form of '*statement of origination*', otherwise the message may be considered SPAM. Cold emails tend to have higher

CPAs than other forms of online marketing, but different lists should still be evaluated.

2 *Co-branded email.* Here, the recipient receives an email with an offer from a company that they have a reasonably strong affinity with. For example, the same credit-card company could partner with a mobile service provider such as Vodafone and send out the offer to their customer (who has opted in to receive emails from third parties). Although this can be considered a form of cold email, it is warmer since there is a stronger relationship with one of the brands, and the subject line and creative will refer to both brands. Co-branded emails tend to get a better response than cold e-mails to rented lists since the relationship exists and fewer offers tend to be given.

3 *Third-party e-newsletter.* In this visitor acquisition option, a company publicizes itself in a third-party e-newsletter. This could be in the form of an ad, sponsorship or PR (editorial) which links through to a destination site. These placements may be set up as part of an interactive advertising ad buy since many e-newsletters also have permanent versions on the web site. Since e-newsletter recipients tend to engage with them by scanning the headlines or reading them if they have time, e-newsletter placements can be relatively cost-effective.

Opt-in e-mail options for customer retention

For most organizations, email marketing is most powerful for developing relationships with customers as part of e-CRM. We explore options for using email marketing to build relationships with customers through Chapter 8 and specifically in Section 8.5.

Digital Marketing Excellence

WH Smith uses sequential remarketing to increase conversion

This remarketing was a classic 'abandoned shopping cart follow-up' email, but with three alternative follow-ups which were tested with these results:

1. *Generic branded follow-up email*: +10 per cent conversion rate
2. *Personalized remarketing email with a promotional code for a 5 per cent discount time limited to 72 hours*: +100 per cent conversion rate
3. *Personalized remarketing email with a promotional code for a 5 per cent discount time limited to 48 hours*: +200 per cent conversion rate.

WH Smith also conducted a survey of those customers identified as having clicked through from the remarketing emails and then made a purchase, but who hadn't actually used the promotional codes! Interestingly, they found:

- l These customers had still reacted to the remarketing email as a prompt to return to the WH Smith web site.
- It was the expiry date of the call-to-action that had prompted them to return, even though they then did not take advantage of the 5 per cent discount promo code.

Email Marketing Success Factors

Effective email marketing shares much in common with effective direct email copy. We suggest you use the mnemonic 'CRITICAL' as a checklist for

email marketing success factors. CRITICAL is a checklist of questions to ask about your email campaigns (Chaffey, 2006). It stands for:

- *Creative.* This assesses the design of the email including its layout, use of colour and image and the copy (see below).
- *Relevance.* Does the offer and creative of the email meet the needs of the recipients?
- *Incentive* (or offer). The WIFM factor or 'What's in it for me?' for the recipient. What benefit does the recipient gain from clicking on the hyperlink(s) in the email? For example, a prize draw is a common offer for B2C brands.
- *Targeting and timing.* Targeting is related to the relevance. Is a single message sent to all prospects or customers on the list or are emails with tailored creative, incentive and copy sent to the different segments on the list? Timing refers to when the email is received – the time of day, day of the week, point in the month and even the year – does it relate to any particular events? There is also the relative timing – when it is received compared to other marketing communications – this depends on the integration.
- *Integration.* Are the email campaigns part of your integrated marketing communications? Questions to ask include: are the creative and copy consistent with my brand? Does the message reinforce other communications? Does the timing of the email campaign fit with offline communications?
- *Copy.* This is part of the creative and refers to the structure, style and explanation of the offer together with the location of hyperlinks in the email.
- *Attributes* (of the email). Assess the message characteristics such as the subject line, from address, to address, date/time of receipt and format (HTML or text). Send out Multipart/MIME messages which can display HTML or text according to the capability of the email reader. Offer choice of HTML or text to match the user's preferences.

- *Landing page* (or microsite). These are terms given for the page(s) reached after the recipient clicks on a link in the email. Typically, on clickthrough, the recipient will be presented with an online form so the company can profile or learn more about them. Designing the page so the form is easy to complete can affect the overall success of the campaign.

Designing direct email copy is as involved as designing direct mail and many similar principles apply. Effective email should:

- l Grab attention in subject line and body
- Be brief and be relevant to target
- Be personalized – not Dear Valued Customer, but Dear Ms Smith
- Provide opt-out or 'unsubscribe' option by law
- Hyperlink to web site for more detailed content
- Have a clear call-to-action at the start and end of the message
- Be tested for effectiveness
- Operate within legal and ethical constraints for a country.

Digital Marketing Insight

Are you more interesting than my wife?

That's how interesting your email subject line has to be since many email recipients do not filter/separate personal emails from business emails. Not all emails get opened. But the subject lines get scanned and the source gets scanned. This means your email subject line may be competing for attention against a very personal email from your recipient's wife. So question: Is your email subject line really enticing? Is your email subject line more interesting than my wife?

Section Summary 7.8

Opt-in email

Email is an effective push online communications method. It is essential that email is opt-in, otherwise it is illegal SPAM. Consider options for customer acquisition including cold email, co-branded emails and placements in third-party emails. For house list emails, experiment with achieving the correct frequency, or give customers the choice. Consider automated event-triggered emails. Work hard on email design and maintaining up-to-date lists. Stay within the law.

7.9 Viral marketing

We covered social media marketing in depth in Chapter 5, so in this section, we just take a brief look at viral marketing.

Ideally, viral marketing is a clever idea, a shocking idea, or a highly informative idea which makes compulsive viewing. It can be a video clip, a TV ad, a cartoon, a funny picture, a poem, song, political or social message, or a news item. It's so amazing that it makes people want to pass it on.

Viral marketing harnesses the network effect of the Internet and can be effective in reaching a large number of people rapidly in the same way as a computer virus can affect many machines around the world.

Like most buzz words, 'viral marketing' means different things to different people. A viral marketing initiative certainly needs to create a buzz to be successful on networks of people who will spread the word. Viral marketing also occurs in social networks.

Viral marketing requires the following:

1. *Creative material* – the 'viral agent'. This includes the creative message or offer and how it is spread (text, image, video, game). It has to 'wow' people. It has to be so good that people want to share it.
2. *Shared experience*. Content has more chance of going viral if it rides on the back of a curve. This could be an event like St Patrick's Day when people want to share St Patrick's Day messages or Father's Day when people want to share Father's Day messages.
3. *Seeding*. Identifying web sites, blogs and influencers to send the content to – to start the virus spreading. Don't forget to post it across several platforms.
4. *Promoting*. Promoting content gives it a better chance of going viral, whether this is promoting a post, a tweet or any other type of promotional spend.
5. *Tracking*. To monitor the effect and to assess the return from the cost of developing the viral agent and seeding.

Practical Digital Marketing Tip

Marketers should spend 50 per cent on content distribution

Research suggests that content marketers should spend 50 per cent of their resource on content distribution (Carson, 2015).

We distinguish between these types of viral email mechanisms.

1. *Pass along email viral*. This is where email alone is used to spread the message. It is an email with a link to a site such as a video or an attachment. Towards the end of a commercial email, it does no harm to prompt the first recipient to forward the email along to interested

friends or colleagues. Even if only 1 in 100 responds to this prompt, it is still worth it. The dramatic growth of Hotmail, reaching 10 million subscribers in just over a year, was effectively down to pass-along as people received emails with a signature promoting the service. Word of mouth helped too.

Pass-along or forwarding has worked well for video clips, either where they are attached to the email or the email contains a link to download the clip. If the email has the 'WOW!' factor, of which more later, a lot more than 1 in 100 will forward the email. This mechanism is what most people consider to be viral, but there are the other mechanisms that follow too.

2 *Web-facilitated viral (email prompt).* Here, the email contains a link/graphic to a web page with 'email a friend' or 'email a colleague'. A web form is used to collect data of the email address to which the email should be forwarded, sometimes with an optional message. The company then sends a separate message to the friend or colleague.

3 *Web-facilitated viral (web prompt).* Here it is the web page such as a product catalogue or white paper which contains a link/graphic to 'email a friend' or colleague. A web form is again used to collect data and an email is subsequently sent.

4 *Incentivized viral.* This is distinct from the types above since the email address is not freely given. This is what we need to make viral really take off. By offering some reward for providing someone else's address, we can dramatically increase referrals. A common offer is to gain an additional entry into a prize draw. Referring more friends gains more entries to the prize draw. With the right offer, this can more than double response. The incentive is offered either by email (option 2 above) or on a web page (option 3). In this case, there is a risk of breaking privacy laws since the consent of the email recipient may not be freely given. Usually only a single follow-up email by the brand is permitted (and this email also asks them if they want to remain 'opted in' or do they want to opt out. So you should check with the lawyers if considering this.

5 *Web-link viral.* But online viral isn't just limited to email. If you click on any of the links in this chapter – that can also be considered to be online viral marketing, or you could call it online PR. Links in discussion group postings or *blogs* that are from an individual are also in this category. Either way, it's important when seeding the campaign to try to get as many targeted online and offline mentions of the viral agent as you can.

Section Summary 7.9

Viral marketing

With viral techniques, traffic is built either through using email (virtual word of mouth) or real-world word of mouth to spread the message from one person to the next. The content must have the 'wow' factor and ideally ride the right curve. Seeding and tracking are also required.

7.10 Offline traffic building

In this section, we will see that offline communications are still a key component of the communications mix. In most sectors, companies still spend more in offline channels than online. Remember that even Google, which famously grew initially by word of mouth alone, now relies on TV, print and outdoor ads to grow awareness and adoption of its Google Chrome and Google+ services, and it even invests in direct mail to encourage adoption of its Adwords amongst advertisers.

Companies need to decide on whether advertising is *incidental* or *specific* – whether specialist messages need to be communicated and the mix of

techniques used. All ten offline communications tools from Smith and Zook (2016) can and should be used to build online traffic. These ten tools are referred to in Chapter 2, Table 2.1. They are: advertising, selling, sales promotion, PR, sponsorship, direct mail, exhibitions, merchandising, packaging and word of mouth – all can be used to communicate or promote in the online or offline world.

Practical Digital Marketing Tip

Assessing the effectiveness of offline communications as a traffic driver

Web analytics is again your ally in assessing the effectiveness of offline ad spend. You should consider how you will track campaign effectiveness before you start. Some options include:

- Landing page entries direct to a specific URL promoted in the campaign
- Number of visitors to site arriving after searching on your brand name or products, campaign names mentioned in the ad (some of these searches will be influenced by offline spend too)
- Increment in number of direct visitors to the site or section of site promoted in the campaign compared to level of business (i.e. same period) last month or last year
- Number of visitors arriving from new links to the site referencing the campaign.

To summarize, a key decision for digital marketers is deciding on the balance of spend between online and offline promotion.

What are We Communicating Offline?

Important aspects of the online brand to communicate are:

- The brand name and URL (of course). Offline campaigns should result in an uplift to brand searches and direct visits which can be measured through analytics. In print, using a sub-folder in the URL (www.domain.com/campaignname) can help direct users to the relevant section
- Online value proposition (see Section 6.3). The ad creative should give a specific benefit for immediately visiting the site
- Traditional brand values
- Sales promotions and offers.

Let us now briefly consider four popular tactical communications tools: advertising, word of mouth, PR and direct mail.

Advertising

Early attempts by many traditional clicks-and-mortar companies to advertise their online offering were limited to *incidental advertising* where the company's web site address was added as a footnote to the advert with no attempt to explain the online proposition or drive a web response. For online businesses it is worth using offline advertising to communicate the *online value proposition* in specific adverts, and traditional companies are increasingly using this approach as more sales are achieved online. Online recruitment agency Monster.com saw its traffic quadruple in the 24 hours following adverts in the prime US Super Bowl spot. Many organizations now run *web response ad campaigns* where one of the main objectives is to achieve web site or social presence visits. The web may be used to request a sample, enter a competition, find further information or, if appropriate, buy online. Enlightened FMCG brands are now using offline advertising in

conjunction with the web to get customers to interact with their brand, profile them and add value.

Word of mouth

Word of mouth is a powerful technique of offline promotion. An urban myth is that if someone successfully buys a book online, they will tell ten other people, but if fulfilment is poor, they will tell 20 people! Offline communications techniques such as PR and advertising should be aimed at stimulating word of mouth, and online viral techniques can also promote this. Just as social media encourages word of mouth via engagement such as sharing, liking; commenting (although it is only a small percentage that bother to engage – these can have a disproportionate effect once influencers start sharing, liking and commenting), so too offline word of mouth can occur from the usual sources of discussion usually generated by complaints handling, customer service, product experience/customer experience, telemarketing, face-to-face sales, offline media coverage, etc. People still talk to people offline (and online) about the experiences they have with your products or services.

PR

PR is a powerful and relatively low-cost form of offline communications. There is a good demand amongst the general and specialist media for stories about anything digital. PR can leverage events such as site launches and relaunches with new services, particularly when they are first in a sector. Press releases can be issued through normal channels, but using email linked to the full story on the web site to get information to the journalists faster. Options for getting mentions on the new online-only news sources should be explored. News releases are now generally released online to all media and

influencers, both online and offline. The scope for PR stunts related to web sites is limitless. In the United States, a town has been renamed as Half.com, to be the first dotcom town. On the other hand, PR cannot always deliver positive coverage; sometimes it generates negative coverage, as Shell discovered in an interview ironically in *PR Week*. (See Section 7.6 above and Smith, 2016a for the full story.) On a positive note, creative PR can generate fantastic results (see the sky pool example below and the gnome experiment described in Section 7.6 above).

Digital Marketing Insight

Swimming pool in the sky provides viral amplification example

Within 24 hours of its release, this image of a swimming pool in the sky generated almost 1 billion OTS and £21 million sales. It was promoted online and offline by:

- l News release distributed to luxury, trade (construction, property, architecture, design), international, London and national press, online and offline
- Social media
- Web site
- Conference slide shows
- Award entries
- Marketing suites
- All marketing collateral.

Direct mail and physical reminders

Figure 7.21 This stunning computer generated image from the Ballymore Group was used across multiple channels online and offline for maximum impact. For the full story see Smith, 2016c. Reproduced by kind permission of the Ballymore Group

Physical reminders about web site offers are important since most of our customers will spend more time in the real world than the virtual world. What is in our customers' hands and on their desk will act as a prompt to visit your site and overcome the weakness of the web as a pull medium. Examples include brochures, catalogues, business cards, point-of-sale

material, trade shows, direct mail, sales promotions, postcards (in magazines) and inserts (in magazines). Surprisingly, the 'PS' at the end of a letter can create a high impact 'call to action'.

Digital Marketing Insight

Understanding the opportunities of integrating digital media channels

Digital media, as with other media, are most effective when combined with a range of media. A useful way of characterizing the benefits of integrated communication are the 4Cs of Pickton and Broderick (2000):

- *Coherence* – different communications are logically connected
- *Consistency* – multiple messages support and reinforce, and are not contradictory
- *Continuity* – communications are connected and consistent through time
- *Complementary* – synergistic, or the sum of the parts is greater than the whole!

To help you think of the opportunities for integrating digital media into your communications, refer to Table 7.4.

Table 7.4 Marketing communications terminology

Marketing communications term	Definition	Examples
Medium (media)	'Anything that conveys a message.'	Broadcast (television, radio), press, direct mail, cinema, poster,

Marketing communications term	Definition	Examples
	The carrier of the message or method of transmission. Can be conceived as the touchpoint with the customer.	digital (web, email, mobile).
Discipline	'A body of craft technique biased towards a facet of marketing communication.' These are traditionally known as 'promotion tools' or the different elements of the communications mix.	Advertising, direct marketing, public relations, market research, personal selling, sales promotion, sponsorship, packaging, exhibitions and trade shows.
Channel (tools)	The combination of a discipline with a medium.	Direct mail, direct response TV, television brand advertising. Digital channels: different forms of search marketing, affiliate marketing, display advertising, email marketing, social media, blogs and feeds.
Vehicle	A specific channel used to reach a target audience.	TV (ITV, Channel 4), newspaper (*Sun, Metro, Times*), magazine (*The Economist, Radio Times*), radio (Virgin Radio, BBC Radio 5) and their web equivalents. Different search engines such as

Marketing communications term	Definition	Examples
		Google fit, or aggregators such as MoneySupermarket.com fit here.

When discussing marketing communications, there are many ways to refer to the different facets of campaigns that marketers can control.

Within a team working on a campaign, it is helpful if there is clarity about the opportunities for integrating different media and different agencies involved at the outset. For terminology, the approach recommended by Jenkinson and Sain (2003) of the Centre for Integrated Marketing (CFIM) is sound. They say:

> ***A variety of concepts and terms are used across both academics and practitioners. For example, within our research into media neutral planning, some people referred to media, some to contact points or channels as methods of distributing communication. Similarly, some referred to tools and others to channels, disciplines or methods as the techniques by which the media could be used.***

In practical terms, a sound process is essential for integrating and refining different media throughout the campaign. The checklist developed by ISBA/IPA (2007) is helpful.

- ☑ 1 Briefing and strategy: all agencies briefed together and strategy agreed upfront
- ☑ 2 Budgets: discuss, budget accurately and allow for contingencies
- ☑ 3 Roles and responsibilities: a single point of approval works best
- ☑ 4 Timings and project planning: plan early
- ☑ 5 Design and development: stretch yourselves
- ☑ 6 Tracking and measurement: measure only what matters
- ☑ 7 Trafficking and campaign launch: plan for quality assurance testing
- ☑ 8 Produce back-up inventory: saves white space embarrassment – and money

☑ 9 Optimization, reporting, updates: monitor and nurture your campaign in-flight
☑ 10 Learning from analysis of results: test and refine.

Section Summary 7.10

Offline traffic building

Specific offline communications are vital to traffic building for both online and offline business generation. Traditional advertising, PR and direct mail can all communicate the URL (or Facebook page name or Instagram, etc. name) and OVP. Remember that although we have reviewed online and offline traffic building techniques separately, they need to be part of integrated digital marketing communications.

Chapter Summary

1. Traffic building or visitor acquisition is dependent on defining the appropriate *targets* of traffic quantity and quality, using the correct combination of online and offline *techniques* and using both campaign-based and continuous *timing*.
2. An organization's presence on a range of search engines should be achieved and then optimized by using specialist techniques such as rewriting copy, redesign and link building. Pay Per Click marketing can be essential to achieve visibility in competitive markets.
3. Organizations should consider their online reputation and visibility by reviewing options for online PR and their representation on a range of portals: horizontal, vertical and geographic.
4. You should review your potential online partners to drive visitors by link building, affiliate marketing and online sponsorship.

5. A wide range of different types of interactive ads, including skyscraper, large rectangle and rich media formats, can be used to refer traffic to the site and can also be used for brand building.
6. Opt-in email is an effective method of communication since it is a push method, delivering information to the mail inbox of the audience. Email options include newsletters, promotional campaigns and as a conversion tool.
7. Viral digital marketing techniques involve transmitting a marketing message using word of mouth or online word of mouth (email and chat).
8. Offline communications are essential to achieve reach amongst an audience to increase awareness and explain the online value proposition.

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Web links

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AM Navigator (www.amnavigator.com/blog). Advice on managing affiliate programmes from Geno Prussakov.

Bing Webmaster Tools (www.bing.com/toolbox/webmaster). A service to help site owners review their visibility in Bing.

ClickZ (www.clickz.com). An excellent portal for the online marketer to learn more, with channels for different e-tools such as email marketing, search and ad buying.

Google Webmaster Tools Help (http://support.google.com/webmasters). Google's Search console provides a useful set of tools for sites verified by their owners including index inclusion, linking and ranking for different phrases in different locations.

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Word of Mouth Marketing Association (www.womma.org). A US-oriented community of word-of-mouth marketing specialists.

Self-test

1. Define appropriate measures for traffic-building quantity and quality for a campaign for your organization's site.
2. Distinguish between the operation of a search engine and a directory. What are the implications for promotion of a company?
3. List the relevant portals your company *should be* and *is* represented on. Include horizontal portals, vertical portals and geographical portals.
4. What approaches should be used in a link-building campaign?
5. Assess the relevance of banner advertising to your organization through reviewing their advantages and disadvantages.
6. Summarize the elements of effective opt-in email.
7. List the different types of viral marketing campaigns for which you have been a recipient. Which could be effective for your own organization?
8. Explain why offline communications are significant. What should be their aims?

Chapter 8
Customer lifecycle communications and CRM

> Marketing automation is the technology that propels your business into a new era of relationship based marketing with quantifiable results. When powerful technology meets effective implementation and internal process management, your company will soon find itself on a journey that leads to new heights of business success.
>
> *Jon Miller (quoted in Cheng, 2014)*

Overview

Online customer relationship management (CRM) is packed with fundamental common sense principles. Serving and nurturing customers into lifetime customers makes sense as existing customers are, on average, five to ten times more profitable. At the heart of this is a good *marketing automation* system which combines a database – the marketer's memory bank – with rules to schedule more relevant, more timely contextual messages delivered by email, social updates, mobile notifications or personalized website messages. In this chapter, we show you how to develop integrated contact strategies to deliver relevant messages throughout the *customer lifecycle*. *Social CRM* is today a key aspect of CRM, but we focus discussion on *content marketing* to build relationships with prospects and on delivering customer service and developing advocacy with customers in Chapter 5 on social media.

Overall Learning Outcome

By the end of this chapter, you will be able to:

- Apply basic CRM principles online
- Appreciate the careful planning required to harness marketing automation
- Understand the options to support customer lifecycle communications with an integrated, multi-channel database.

CHAPTER TOPIC		LEARNING OBJECTIVE
8.1	Introduction	Understand the significance of modern CRM
8.2	Relationship to customer lifecycle marketing	Explain the basic principles of customer lifecycle marketing and the importance of coherent contact or communications strategies in relationship development
8.3	Database marketing and marketing automation	Grasp the basic principles of database marketing
8.4	Using MarTech to support CRM	Showing the challenge of selecting and managing marketing technology for enhancing CRM
8.5	Profiling	Know how to approach profiling 8.6 Personalization Know the options for personalizing web sites, opt-in emails, prices and promotions.
8.7	Email marketing	Develop a strategy for managing lifecycle email marketing campaigns and e-newsletters
8.8	Control issues	Develop control mechanisms
8.9	Cleaning the database	Assess approaches to database cleaning
8.10	Making it happen	Identify the steps to deliver excellent e-CRM

8.1 Introduction to e-CRM

This section introduces CRM and marketing automation. Both are not just about technology and databases – it's not just a process or a way of doing things; it requires, in fact, the whole organization to develop a real customer-focused culture. Think about what can happen if we don't focus on how a business interacts with its audience.

- Customer expectations are often higher than those of the offline world
- Customers' raised expectations are regularly crushed by previously successful offline companies
- Customers receive irrelevant, untimely emails they mark as spam
- Customer emails are left unanswered for days
- Fans' comments are ignored
- Immediate responses are expected, but often are not delivered
- Satisfying customers is simply not enough to keep them
- Customers and prospects visit fewer sites but spend longer with them (a world of consolidating relationships for the successful brands).

Consumers are feeling baffled, berated and betrayed

> ***Processes companies have for handling customer feedback are often weak and fragmented and are not supported by systems... customers prefer to stand in queues in banks rather than deal with automated telephone systems.***
>
> ***(Stone, 2004)***

Lousy CRM: brands killing the Facebook conversation, damaging their brands

> ***800m users, and 50% of those users being active every day, it's a very *active* network of users forming or maintaining relationships. Yet 95% questions unanswered! Some***

companies blocking user comments & just using social media as another 'traditional' media.

(Rezab, 2011)

The Golden Opportunity

The good news is that this presents a golden opportunity to create competitive advantage by developing an integrated CRM and marketing automation system that adds value to customers' experiences, brings them closer to us, listens to them, collects data and serves their needs better than ever before.

CRM is your best defence

'Customer relationships are the only thing that cannot be replicated by a competitor' (Hochman, 2008). A key e-CRM concept is *sense and respond marketing* – the Sense, Respond, Adjust approach of delivering relevant, *contextual marketing* communications through monitoring customer behaviour. E-CRM enables digital marketers to create a multi-channel marketing process of:

- Monitoring customer actions or behaviours (clicks on specific emails or web site offers) and then…
- Reacting with appropriate messages, either online – for example, through an email follow-up, or offline – for example, a phone or direct mail follow-up to encourage response
- Monitoring response to these messages and continuing with additional reminder communications and monitoring.

The secret is to put the time into defining rules and testing automated follow-up communications which match the context. For example, an online

shopper who has purchased a product can be sent a series of welcome emails in the context of their purchase to encourage future purchases.

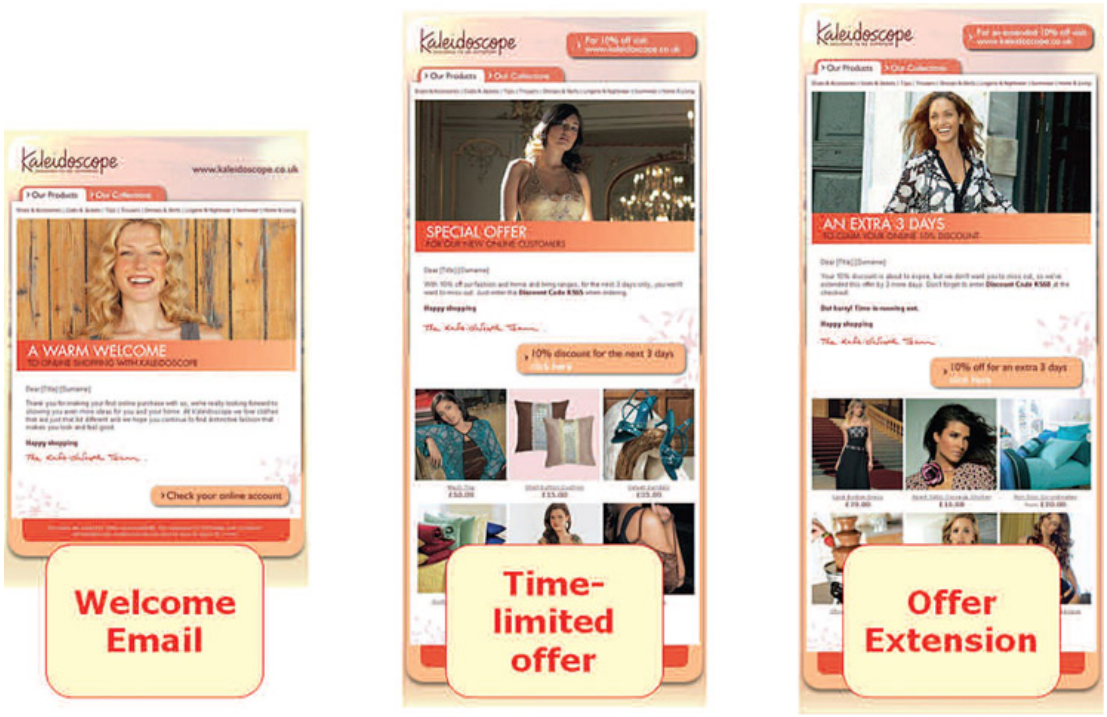

Figure 8.1 Sequence of automated emails forming a welcome strategy following initial purchase

The Gartner Group (Thompson *et al.*, 2011) identified five key trends in CRM applications:

1. *Operational CRM* is the automation of processes such as campaign management or case management.
2. *Analytical CRM*, which includes predictive analytics and segmentation applications.
3. *Social CRM*, using insight from social media and interacting through social media.
4. *Software-as-a-Service* (SaaS), used to deliver any of these functions.
5. In *sales applications*, where it is now widely viewed as a mainstream model.

In terms of *enquiry traffic*, social CRM is the hottest area of interest in customer service and marketing departments, followed by related areas like digital marketing and e-commerce. Gartner points out that social CRM is used both within and outside an organization.

Some E-CRM Benefits and Challenges

There is plenty of e-CRM software which enhances our ability to understand customers and enquirers, their needs, names, interests and a lot more. We can get closer to them. Speak with them – one of the 5Ss, the five fundamental benefits of digital marketing (see Chapter 1).

This is a dynamic dialogue that is instantaneous, relevant, value-adding and information-gleaning, that:

- Recognizes and remembers each customer by name and need
- Answers questions often automatically and, ideally, personally
- Asks questions, collects information and builds a better profile, particularly of those ideal lifetime customers.

The real advantage of online marketing lies in its potential to build relationships and create long-term value. Companies that have risen to the challenge of CRM have a '360 degree view of their customers'. This, in turn, generates real loyalty from lifetime customers who readily share valuable data with you.

Have you got the software to exploit the valuable data you can collect from customers? Many companies don't. Have you got the processes in place to ensure excellent service – that keeps customers coming back for more? On average, purchase intent sees a double-digit increase after someone has been to a site more than once (Flores and Eltvedt, 2005). Keeping existing customers coming back for more is more profitable than acquiring new customers. Flores and Eltvedt suggest it is ten times more profitable to serve

an existing customer than recruit a new one. It therefore makes a lot of sense to nurture the captured customers into lifetime customers. CRM and e-CRM help to keep ideal customers. Customer retention can be improved by improving CRM. The returns on this investment are large.

The time-compressed, information-fatigued, impatient customer is unforgiving. Combine this with customers who talk back and who talk to each other courtesy of new social media and the goal posts have moved for many marketers. Social network sites facilitate customer discussions (Coca-Cola never asked for rockets, it just happened that customers discovered that mixing Coke and Mentos mints caused an explosive reaction and customers started posting videos of this phenomenon). User-generated content (UGC) is not totally controllable as Chevrolet and Nike discovered (when customers create negative Chevrolet ads and Nike shoes with negative tailored messages). Yet, it will grow in line with the very human need for social contact and brand preference and referrals can be effectively mobilized by blogs, social network sites and invitations to create UGC. The old CRM customer dialogue has evolved into the customer trialogue (see Section 3.5 in Chapter 3 on communications models).

'The hardest lesson to learn is that there are smarter people not working for your company than there are working for your company,' said Michael Boreel (2007), referring to customers and other stakeholders (including pressure groups) who generate content outside your control and all about your brand.

The online world presents new challenges when nurturing customer relationships. This e-CRM chapter has sections on the key elements, including two introductory-level sections on CRM itself plus relationship marketing and database marketing as well as personalization, profiling, managing incoming emails and implementing e-CRM.

Remember that CRM or e-CRM, in particular, is not about technology, it's not just a process or way of doing things; it requires, in fact, a complete

customer culture. The challenge is yours.

Given these benefits of e-CRM, many companies have attempted to implement CRM technologies to help give a 'single view of the customer'. The challenge of CRM is that it is not just an immense technological challenge, but it is also a change management challenge, demanding changes in process and the roles of staff. In fact, Gartner Research (Radcliffe *et al.*, 2001) suggests eight building blocks for CRM success:

1 CRM vision
2 CRM strategy
3 Valued customer experience
4 Organizational collaboration
5 CRM processes
6 CRM information
7 CRM metrics; and finally
8 CRM technology (see Section 8.10).

Digital Marketing Excellence

Boots 'Change One Thing' campaign

This example shows how CRM can be built into a marketing campaign. In this campaign, the web site, database of customer preferences and email marketing were at the core of an integrated campaign based around the self-improvement proposition.

Offline communications delivered by TV and print ads plus editorial coverage were used to inspire an audience to take on a personal challenge such as losing weight or giving up smoking at the start of the year. These communications were used to drive visitors to the web

where they could then select their challenge and interact with others with the same challenge.

Emails were sent to remind participants and help them sustain the challenge. Automated, personalized emails (and texts) were sent throughout the lifecycle of the relationship; for example, to:

1. Engage existing customers already signed up to e-newsletters
2. Encourage customers to select a personal challenge
3. Drive customers to the site to encourage them to commit to a challenge and update their progress
4. Encourage social interaction – share experience, encourage others
5. Subscribe to text reminder services to remind them when they hit a weak spot; e.g. time of day.

However, this campaign highlights a risk with short-term campaigns. A microsite was set up to maintain this dialogue, but if you went there mid-year, you found the micro-site had been taken down and visitors were asked to wait until next Christmas! This shows the importance of obtaining resources to continue the dialogue and continue the momentum of a campaign. It is often best to integrate such campaigns into the main web site to deliver continuity and to help build awareness of the full online brand experience and other product offerings.

Section Summary 8.1

Customer relationship management is well established as an approach to acquiring customers and then retaining them to develop a higher lifetime value for each customer. Managing CRM online and integrating it with offline CRM activities introduce new challenges. We need to think about how we can use online tools to have a more dynamic dialogue with the

customer, answering their questions, understanding their needs, profiling them and then delivering appropriate services and communications.

8.2 Relationship and customer lifecycle marketing

By the end of this section, you should be able to see how relationship marketing and customer lifecycle are essential to modern CRM.

What is *relationship marketing*? Marketing is all about relationships – relationships with customers, lapsed customers and potential customers. There are also relationships with suppliers, partners and even internal audiences (staff). So although relationship marketing involves more than just customers, we're focusing on customers: CRM – customer relationship management. Real CRM involves treating each customer differently according to their characteristics as described in the Digital Marketing Insight box below.

Relationship marketing shifts marketing away from short-term *transactional marketing* (with one-off sales) towards developing longer-lasting relationships with people who, ideally, develop into lifetime customers. This obviously generates more profitable repeat business as well as increased 'share of wallet' (or customer share).

Digital Marketing Insight

Peppers and Rogers on building one-to-one relationships

Peppers and Rogers, authors of the now classic one-to-one marketing book (1999) have applied their work on building *one-to-one* relationships with the customer to the web. They suggest (at

www.1to1.com) the IDIC approach as a framework for using the web effectively to form and build relationships. IDIC stands for:

1. *Customer Identification.* This stresses the need to identify each customer on their first web site visit and subsequent visits. Common methods for identification are the use of cookies or asking a customer to log on to a site.
2. *Customer Differentiation.* This refers to building a profile to help segment customers into groups which share characteristics and can be evaluated according to their value to the company. Peppers and Rogers suggest Most Valuable Customers, Most Growable Customers and Below Zero Customers.
3. *Customer Interaction.* These are interactions provided on-site such as customer service questions or creating a tailored product.
4. *Customized Communications.* This refers to personalization or mass customization of content or emails according to the segmentation achieved at the acquisition stage.

Permission Marketing

Building relationships is a delicate affair. Marketers have to gain permission first, then trust and, ultimately, loyalty. It's all common sense stuff. Stick to basic marketing tenets of identifying, anticipating and satisfying customer needs relentlessly: this helps to build relationships. But how do you do this? First, adopt a 'permission-based marketing' approach as developed in the now classic *Permission Marketing* by Seth Godin (1999) – explicit opt-in to communications is now required by data protection and privacy law in most countries. Godin originally talked about gaining permission via web sites to develop relationships. This is still really important, but new platforms such as social media platforms and mobile apps are increasingly important ways to gain permission.

There are several steps towards permission marketing:

1 *Gaining permission.* The first step is to get the customer's permission to give them information. Winning this permission, in the customer's time-compressed world, is a valuable asset, so a range of offers and information will be more powerful, as shown by the Optimax example in Figure 8.2.
2 *Collaboration.* Marketing is a collaborative activity – where marketers help customers to buy and customers help marketers to sell. The customer forum and testimonials used by Optimax are an example of this.
3 *Dialogue–trialogue.* A dialogue emerges whether via web site emails, discussion rooms or real conversations in focus groups, or even real meetings between customers and sales reps as well as among customers themselves (trialogue).

Figure 8.2 The responsive design of the Optimax eye treatment provider emphasizes gaining permission with the carousel showcasing treatment for different audiences

Source: www.optimax.co.uk

Permission marketers develop the relationship and get permission to talk on a regular basis which can then extend throughout the lifecycle.

In developing the relationship there is a series of stages through which the customer moves. There are several approaches, one of which is the Ladder of Loyalty (Considine and Murray, 1981) from Suspects to Prospects to Customers to Clients to Advocates.

When a customer *'opts in'* for further email, they give permission to be emailed. This is a first step in using their permission to develop the relationship. Do not abuse this permission. Do not pass their details on to other marketers. Ensure that your future contact with the customer always adds value.

Remember you have to respect this relationship – this special permission you have. It is a moral and legal requirement to offer the customer the option to *'opt out'*. The number of existing customers that opt out or unsubscribe from further contact is known as the *'churn rate'*. Obviously, good marketers watch the churn rate closely, and try to understand why it varies and how to reduce it.

The concept of permission marketing is best summarized by these three words from Godin: 'anticipated, relevant and personal'.

We could add 'timely', since context is important in following up on initial permission.

Godin (1999) goes on to describe the essential concepts of permission marketing as 'Dating the Customer':

1. Offer the prospect an incentive to volunteer [Achieve opt-in]
2. Using the attention offered by the prospect, offer a curriculum over time, teaching the consumer about your product or service [Enable the

customer to learn more]

3. Reinforce the incentive to guarantee that the prospect maintains the permission [Offer opt-out, but minimize the likelihood for this]
4. Offer additional incentives to get even more permission from the consumer [Learn more about the customer through time]
5. Over time, leverage the permission to change consumer behaviour towards profits [Deepen the relation through converting from prospect to customer and trialist to loyalist].

Managing the Dialogue through Customer Lifecycle Contact Strategies

Too much contact can wear out the relationship. The key to building the best relationship is to have the right number of contacts of the right type at the right time for specific customers. This is a customer lifecycle *contact strategy* – determining which kinds of customers and enquirers get which sequence of contacts. Most organizations require coherent contact strategies that span online and offline media. For example, some garages maintain contact with their customers via email, or SMS (text messages), sending them reminders when their car is due for a service. If no response is generated, then this triggers a prompt for staff to make a phone call to see whether the customer still wants to receive reminders. Other organizations ask their customers how they prefer to be updated about special offers, reminders and announcements. The customer database can store their interests and preferred frequency and media in a *customer preference centre*. So organizations vary their contact strategy depending on how customers (and prospects) react.

Your contact strategy should define an initial *welcome strategy* when the prospect is first added to the database, based on the best interval and sequence of messages as shown in the example (Table 8.1). The contact strategy should then be extended for later stages in the customer lifecycle

with messages designed to convert them to purchase (from shopping basket abandons), encourage repeat purchases or trial of new products or to reactivate customers when their interest wanes. Figure 8.3 defines a full customer lifecycle contact strategy which retailers should consider. We recommend mapping your current use of emails in this way to identify the gap between communications you could use in future against those you use now.

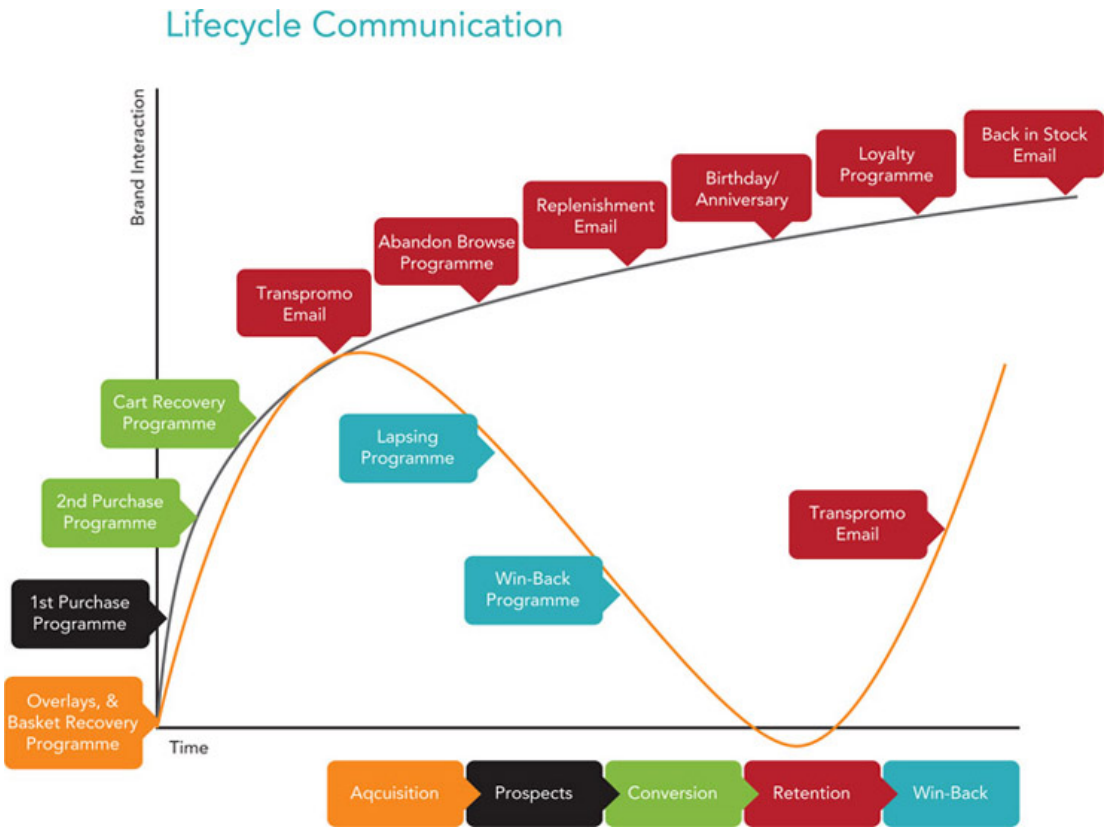

Figure 8.3 Customer lifecycle communications mapping for a retailer.

Source: Kath Pay, Holistic Marketing

Remember that the communication needed to achieve the goal of each part of the lifecycle, which was previously mainly delivered by email, can today be delivered using different media. Using an integrated approach will increase the opportunity for your communications have an impact that leads to response.

1 A single 'solus' email focused on achieving the goal. Figure 8.1 gives an example of these.
2 A newsletter containing 'dynamic content' depending on the position in the lifecycle. For example, B2B components provider RS (www.rswww.com) uses a 'hero container' at the top of their e-newsletter to deliver tailored content that depends on the relationship with a company.
3 Personalized messages on a website. These can be tailored to registered site users when they return to a site, but can also be based on cookies which recognize returning visitors (with their permission).
4 Push notifications delivered by mobile apps. SMS can still have an impact too with permission required in both cases.
5 Remarketing or retargeting ads delivered on Google or on ad networks including those of social networks such as Facebook and Twitter.

Table 8.1 Example of a template for email contact strategy

Message type	Interval/trigger condition	Outcomes required	Medium for message/Sequence
1 Welcome message	Guest site membership sign-up Immediate	• Encourage trial of site services • Increase awareness of range of commercial and informational offerings.	Email, post transaction page
2 Engagement message	1 month: inactive (i.e. <3 visits)	• Encourage use of forum (good enabler of membership) • Highlight top content.	Email, home page, side panels deep in site

Message type	Interval/trigger condition	Outcomes required	Medium for message/Sequence
3 Initial cross-sell message	1 month: active	• Encourage membership	Email newsletter
		• Ask for feedback.	
4 Conversion	2 days after browsing content	Use for range of services for guest members or full members.	Phone or email

A business-to-business supplier can send a series of automated nurturing emails over a period of weeks after a customer has registered initial interest in the company. Such emails can help companies educate customers about their offering and engage them through digital assets such as a calculator – which fits the permission marketing model of 'learning more through time'.

For another example, see how Tesco's contact strategy varies according to new customers' responses to previous contacts (see Digital Marketing Excellence box in Section 8.4) and Section 8.5 for other contact strategies. Some organizations consider some web facilities as part of the dialogue; e.g. an on-site search engine preceded with a friendly face or a question, such as 'Tell us what you are looking for?' Virtual assistants, real-time live web chat and callback facilities also facilitate a dialogue. Online contact varies as web sites carry FAQs, blogs (with clearly labelled topics), and sometimes customer forums actually facilitate self-servicing by the customer amongst other customers. Some of these are also mentioned in Chapter 2, Section 2.9 ('Delivering online service'). Markets are always changing, so your communications need to be flexible and capable of individualized, personalized, responses.

You should watch clickthroughs on lifecyle communication and different e-newsletter topics, news pages, special offers and forums as well as the incoming flow of communications. Give the customer a chance to talk to

you and to other customers, taking the time to listen and tell the other party how what they have told you has been acted upon, or at least heard! Today's marketers listen a lot more to help them build up a better picture of their customers preferences and behaviours using *Progressive Profiling* as described in Section 8.5 on profiling.

Tell customers what they have told you, maybe in the form of an order acknowledgement or consolidated feedback from surveys, etc. Showing them how this has changed what you do or how you do it is an important part of building a relationship – all part of the ongoing dialogue.

Remember, 'Markets are conversations!' Database-driven marketing allows the dialogue to become a dynamic dialogue – responsive, relevant and fast-moving.

Digital Marketing Insight

Practical permission marketing guidelines

How can Seth Godin's original principles of *Permission Marketing* be applied by today's online marketer?

1. *'Offer selective opt-in to communications'.* Offer choice in communications preferences to the customer to ensure more relevant communications. Some customers may not want a weekly e-newsletter; rather they may only want to hear about new product releases. Remember that opt-in is a legal requirement in many countries. Four key opt-in options, selected by tick-box, are:

    - *Content* – news, products, offers, events
    - *Frequency* – weekly, monthly, quarterly, or alerts

- *Channel* – email, direct mail, phone or SMS
- *Format* – text versus HTML.

2 *Create a 'common customer profile' and preference centre.* A structured approach to customer data capture is needed; otherwise some data will be missed, as in the case of the utility company that collected 80,000 email addresses, but forgot to ask for the postcode for geotargeting! This can be achieved through a common customer profile – a definition of all the database fields that are relevant to the marketer in order to understand and target the customer with a relevant offering. It sounds obvious, but…

3 *Offer a range of opt-in incentives.* Many web sites now have 'free/win/save' incentives to encourage opt-in, but often it is a 'one incentive fits all visitors'. Different incentives for different audiences will generate a higher volume of permission, particularly for business-to-business web sites. We can also gauge the characteristics of the respondent by the type of incentives or communications they have requested, without the need to ask them.

4 *'Don't make opt-out too easy'.* Our view is that we often make it too easy to unsub-scribe. Although offering an easy opt-out or 'unsubscribe' is now a legal requirement in many countries due to privacy laws, a single click to unsubscribe is perhaps making it too easy – the relationship is over too abruptly. Instead, wise permission marketers like Amazon (Figure 8.4) or First Direct have the option of more granular communications preferences, where it is possible to unsubscribe, but also to control the frequency and type of email content received. If customers definitely want to unsubscribe, then this is made easy, with the option of commenting on the reason for the 'unsubscribe' and many do, providing useful information on improving e-CRM for others.

The use of 'My Profile' can be tied to the principle of 'selective opt-in' – you could call it selective opt-out.

5 *'Watch, don't ask'.* The need to ask interruptive questions can be reduced through the use of monitoring of clicks to get a better understanding of customer needs and to trigger follow-up communications. Here are some examples:

- Monitoring clickthrough to different types of content or offer
- Monitoring the engagement of individual customers with email communications
- Follow-up reminder to those who don't open the email first time
- Monitoring the day and time of typical clickthrough to send emails when the customer is most receptive.

6 *Create an outbound contact strategy.* Online permission marketers need a plan for the number, frequency and type of online and offline communications and offers. This is a contact or touch strategy. The contact strategy should indicate:

- Frequency (e.g. minimum once per quarter and maximum once per month)
- Interval (e.g. there must be a gap of at least a week or a month between communications)

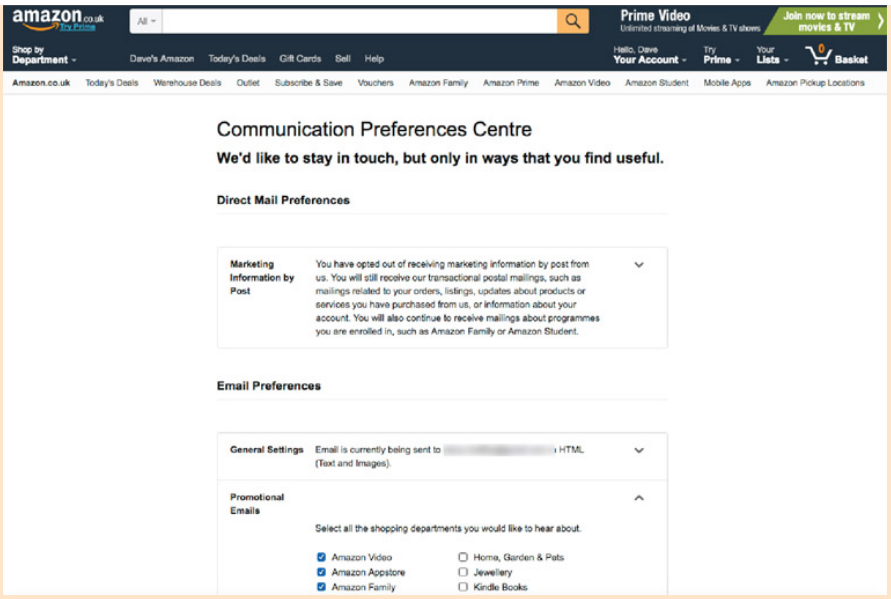
amazon.co.uk
Prime Video
Join now to stream movies & TV
Shop by Department
Dave's Amazon
Today's Deals
Gift Cards
Sell
Help
Your Account
Prime
Your Lists
Basket
Amazon.co.uk
Today's Deals
Warehouse Deals
Outlet
Subscribe & Save
Vouchers
Amazon Family
Amazon Prime
Amazon Video
Amazon Student
Mobile Apps
Amazon Pickup Locations
Communication Preferences Centre
We'd like to stay in touch, but only in ways that you find useful.
Direct Mail Preferences
Marketing Information by Post
You have opted out of receiving marketing information by post from us. You will still receive our transactional postal mailings, such as mailings related to your orders, listings, updates about products or services you have purchased from us, or information about your account. You will also continue to receive mailings about programmes you are enrolled in, such as Amazon Family or Amazon Student.
Email Preferences
General Settings
Email is currently being sent to [redacted] HTML (Text and Images).
Promotional Emails
Select all the shopping departments you would like to hear about.
Amazon Video
Amazon Appstore
Amazon Family
Home, Garden & Pets
Jewellery
Kindle Books

Figure 8.4 An example of the preferences centre for Amazon UK

Source: Amazon.co.uk

- Content and offers (we may want to limit or achieve a certain number of prize draws or information-led offers)
- Links between online communications and offline communications
- A control strategy (a mechanism to make sure these guidelines are adhered to; for example, using a single 'focal point' for checking all communications before creation dispatch).

(Chaffey, 2007)

Managing Complaints – Enhancing Relationships

Welcome complaints. Encourage complaints. It is much better for a customer to complain than not complain to the company, while complaining to other customers via social media. Managing complaints is an important part of contact management, or contact strategy.

Complaint management is one of the 5Ss (Speak) (see Chapter 1) as organizations need systems and processes to listen, rank and respond to complaints. 'They should be solicited rather than unsolicited, easy to make, quickly responded to, with both the problem of the consumer and the cause fixed', says Professor Merlin Stone (2011). He continues:

> ***Improved complaint management produces a good return on investment. This is via improvements in consumer retention, market share and positive word of mouth – turning negative into positive experiences and improved branding, consumer loyalty, improved design of the service experience and improved product design.***
>
> ***(Stone, 2011)***

Support is the new sales since how you manage a complaint determines the relationship and subsequent sales and word of mouth. But support needs resources and systems. As Gerry McGovern says:

> ***Support communities need care and attention. You can't just leave customers on their own. Done properly these communities build your brand and help sell your products in a far more effective way than most of your marketing campaigns will. Some support communities are truly excellent. For example, Cisco (which I do work for) has a range of superb communities. Real experts from Cisco answer questions quickly.***
>
> ***(McGovern, 2012)***

'Negative experiences are our biggest opportunity'

Samsung's small team of four prefer to find negativity and have a chance to fix it and change that consumer's perception. They focus on locating, identifying and solving real problems that real customers have.

> ***Anyone in a marketing role who has suffered through never ending meetings about social media without a real vision or tangible outcome will easily be able to imagine how nice a feeling it is to actually solve real problems and the sense of accomplishment that would offer on a daily basis.***
>
> ***(Bhargava, 2011)***

There is clearly a lesson here about the necessity of integrating marketing and customer service more closely.

Nurturing New Relationships via Facebook

Facebook wants to support customer service interactions between brands and customers. Options available include:

- *Public comments on a brand or company pages.* This 'social media customer service' option has been used since Facebook first launched these pages as it was a more convenient way to gain a response, often when customer service requests had failed from other channels.
- *Asking customer service through private messages on the brand or company pages.* Seeing the popularity of customer service through its platform, from 2015 Facebook provided a prominent 'Message Now' option for consumers which encouraged brands to make quick responses by reporting on the average response time.
- *Interactions through chat bots.* In 2016 Facebook launched an application programming interface (API) that enabled businesses to communicate directly with customers through Facebook Messenger in a similar way to how customer service messages related to a sale would traditionally have been delivered through email or SMS.
- *Recommendations based on 'Likes' by Friends.* Figure 8.5 gives an example of using 'social proof' – recommendations by others based on their preferences.

Here is an example of a shoe purchase from a retailer using the Messenger integration with Shopify in what they are referring to as 'Conversational Commerce':

> ***Hi there, thanks for shopping with us! We're using Messenger as a better way to support and reach our customers. Please send us any questions and we'll be happy to help. In the meantime, we'll send you shipping updates as soon as they're available.***

The bot also sent over a summary of the order that included the shoe styles and size, the credit card used to pay, my total amount paid and my shipping details. Then three hours later another Facebook message confirmed that the shoes had shipped.

In an another example, Hyatt hotel customers can now use Facebook Messenger to do anything from checking availability to making reservations, enquiring about room features and ordering room service, once you have checked in. Dan Moriarty, Director of Digital Strategy and Activation for Hyatt, explained:

> ***The addition of Messenger to our around-the-clock social care efforts was a no-brainer, it's just one more channel in which we get to have meaningful conversations with guests and help them to be their best, on the road and right away.***
>
> ***(Conversocial, 2015)***

You can see that as email use wanes, particularly amongst younger audiences, these services are likely to increase in popularity. They offer the benefit for both consumers and brands that messages aren't placed into junk or promotions folders by an over-zealous SPAM filter, where they may be missed.

Amazon.co.uk

When you connect your Facebook account with, say, your Amazon account, you can see a list of your friends' birthdays, with gift suggestions, what's popular amongst your friends (see below) as well as the usual Amazon suggestions. You can also deliver an Amazon.com Gift Card via Facebook.

amazon.co.uk
Hello Dr Dave Chaffey. We have recommendations for you. (Not Dave?)
All-New Kindle Fire Family. From £129.
Dave's Amazon | Today's Deals | Gift Cards | Gifts & Wish Lists
Your Account | Help
Shop All Departments
Search
Books
Basket
Wish List
Study Books | Audiobooks | Sell Your Books
Share this item via e-mail
Close
Emarketing Excellence: Planning and Optimizing your Digital Marketing by Dave Chaffey
Permalink:
http://www.amazon.co.uk/dp/0415533376
From: Dr Dave Chaffey
To:
Type in e-mail addresses: jo@example.com, jan@example.com. These will not be used for marketing.
Message:
Check out this page.
Send me a copy of this e-mail
Send e-mail
Or share on:
Quantity: 1
Pre-order this item today
or
Sign in to turn on 1-Click ordering.
Add to Wish List
Share
Tell the Publisher!
I'd like to read this book on Kindle
Don't have a Kindle? Get your Kindle here, or download a FREE Kindle Reading App.
Trade-In Store
Amazon.co.uk Trade-In Store
Did you know you can trade in your old books for an Amazon.co.uk Gift Card to spend on the things you want? Visit the Books Trade-In Store for more details.

Figure 8.5 Connect Amazon to Facebook

Source: www.amazon.com

Amazon also states its terms of use front and centre when you connect your accounts:

- Amazon will not share your individual information from your account with Facebook
- Amazon will not share your individual purchase history with Facebook
- Amazon will not attempt to contact your Facebook friends
- Amazon will never post anything to your Facebook Wall without your consent.

Levi's use Facebook slightly differently by allowing visitors to 'view a personalized selection of Levi's products that their friends have "liked" (and also remembers their birthdays)' (see Figure 8.6).

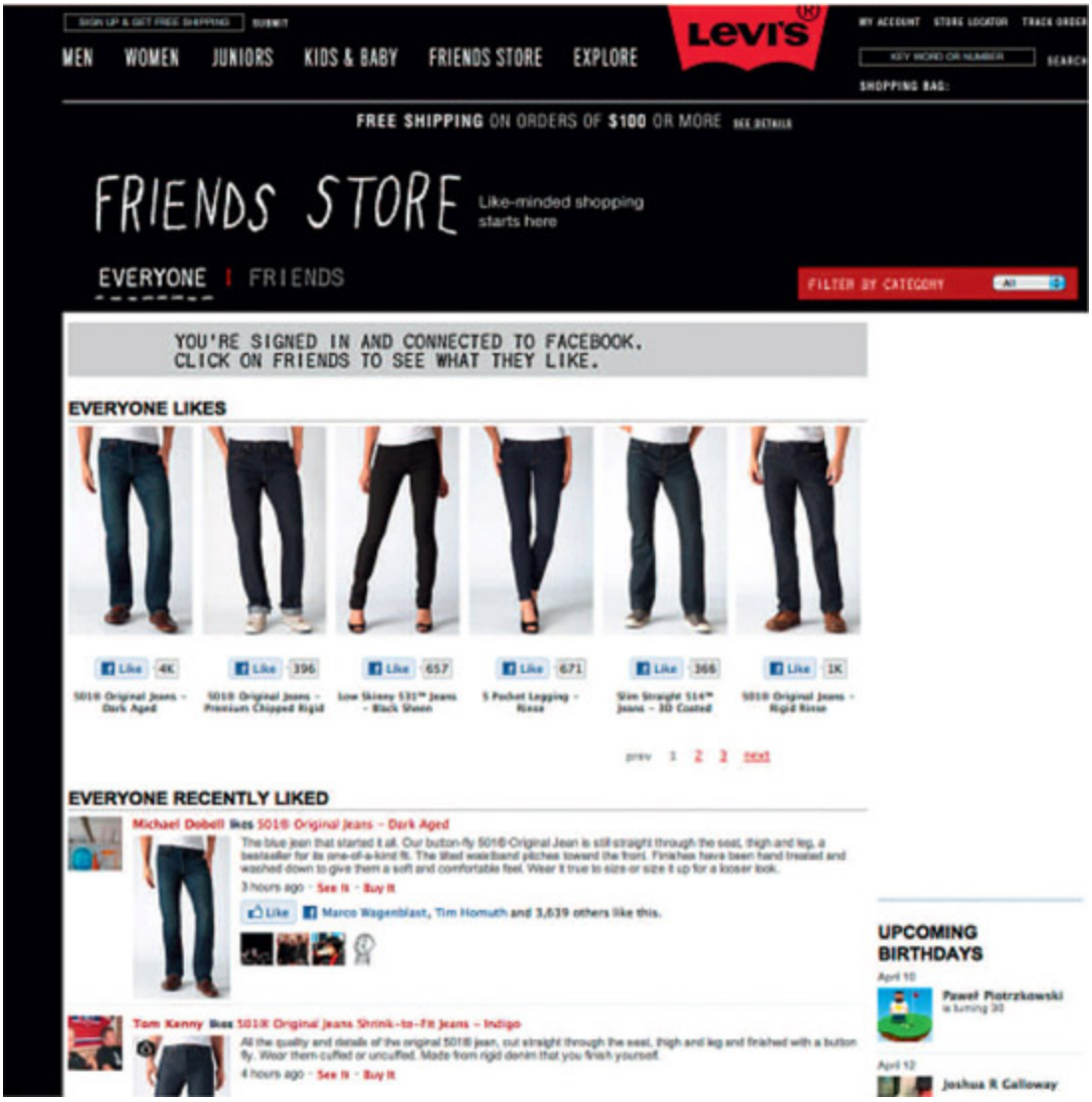

Figure 8.6 Levi's use Facebook

Source: http://store.levi.com/

Many more major brands are integrating their web sites with Facebook to create a 'social shopping experience'; for example, Macy's Magic Fitting Room is a Facebook-connected fitting room with virtual try-outs. Gap used Facebook Deals to give the first 10,000 Friends checking-in with Facebook to a Gap Store a free pair of jeans; all others received 40 per cent off all regular priced merchandise (see Figure 8.7).

Gap
Like
Wall
Info
1969
Kids+baby
Black Magic
Events
Gap + Others
Just Gap
Just Others
Gap We've got 10,000 pairs of jeans to give away to the quickest of our Facebook fans. Using Facebook Places, check-in this Friday at your local Men's & Women's Gap and you could leave with a free pair! RSVP here to get the details:
Gap Free Jeans Giveaway Event - this Friday!
Location: All U.S. Gap Adult stores
Time: 9:00AM Friday, November 5th
56 minutes ago · Share
285 people like this.
View all 75 comments
Gap Who recycled their denim best? Help us decide which of the 45 finalists' designs are the best. We'll feature the winning creation on Ecouterre & Gap 1969 Stream. You only have until Thursday to decide, so Vote now!
Finalists | recycled denim challenge
www.ecouterre.com
Heidi Clark believes there are no creative limitations when it comes to
Black Denim
GAP

Figure 8.7 Gap Facebook page special offer for a 10,000 pairs of jeans give-away

Source: www.facebook.com/gap

Mazda used Facebook Deals for a UK launch – customers who checked-in with Facebook to a Mazda dealer on their mobile handset got 20 per cent off a Mazda roadster.

Section Summary 8.2

Relationship and customer lifecycle marketing

Relationship marketing and customer lifecycle marketing is based on the principle of exchange of value. Customers opt-in when they want to interact with brands. Savvy brands develop a series of structured communications across channels to encourage further engagement and purchase. It requires a lifetime-value perspective built upon permission and trust, listening and responding to customers to build longer, lasting success.

8.3 Database marketing and marketing automation

The database and *database marketing* are at the heart of CRM. By the end of this section, you will understand what a database is, the complications that can arise, the types of data fields and the importance of linking it all to a clear marketing programme.

It has been said that the driving force underlying modern CRM systems is the customer database. This is the repository of information on customers and prospects from all sources and channels – whether web sites, interactive TV, sales reps or customer-service staff.

The database and profiling software is a vital part of CRM since it enhances our ability to understand customers and enquirers, their needs, names, interests and a lot more. We can get closer to them.

It helps achieve the dynamic dialogue of lifecycle and permission marketing, which:

- Recognizes and remembers each customer by name and need
- Answers questions often automatically and, ideally, personally
- Asks questions, collects information and builds a better profile, particularly of those ideal lifetime customers
- Delivers communications which are instantaneous, relevant and value adding.

What is Stored in the Database?

A database is more than a list of names. A database is distinguished by the amount and quality of relevant marketing data held on each customer or prospect. It should identify best ('ideal') customers and worst customers. The worst customers have 'negative value'; these are customers who claim early

on insurance, are bad debtors, or just intensive users of free services. There are two types of information kept on a database which a simple mailing list does not provide: historical data and predictive data. Smith and Zook (2011) describe *historical data* as 'transactional' or 'back' data which include names, addresses, recency and frequency of purchases, responses to offers and value of purchases. They say *predictive data* identify which groups or subgroups are more likely to respond to a specific offer. This is done through statistical scoring: customer attributes (e.g. house type, business type, past behaviour, etc.) are given scores that help to indicate their future behaviour.

This begs the question, what kind of data, or 'fields' should be captured? In addition to capturing a customer's name and address, there are obviously other kinds, or 'fields', of data worth capturing – for first, a B2C business, and then, second, a B2B business. *FRAC* is a useful mnemonic. It stands for: Frequency, Recency, Amount and Category of purchase.

For example, RFM analysis can be applied to targeting using email or web personalisation, according to how a customer interacts with an e-commerce site. Values could be assigned to each customer as follows:

Recency:

1 – Over 12 months
2 – Within last 12 months
3 – Within last six months
4 – Within last three months
5 – Within last one month.

Frequency:

1 – More than once every six months
2 – Every six months
3 – Every three months
4 – Every two months

5 – Monthly.

Monetary value:

1 – less than £10
2 – £10–£50
3 – £50–£100
4 – £100–£200
5 – More than £200.

Customers can be combined in different categories and then appropriate message treatments sent to encourage purchase. Simplified versions of this analysis can be created to make it more manageable; for example, a theatre group uses these nine categories for its direct marketing:

Oncers (attended theatre once)

- Recent oncers – attended <12 months
- Rusty oncers – attended >12<36 months
- Very rusty oncers – attended 36+ months.

Twicers

- Recent twicer – attended <12 months
- Rusty twicer – attended >12<36 months
- Very rusty twicer – attended in 36+ months.

2+ subscribers

- Current subscribers – booked 2+ events in current season
- Recent – booked 2+ last season

- Very rusty – booked 2+ more than a season ago.

There are a lot of other useful data worth collecting also such as promotions history (responses to specific promotions), share of wallet or customer share (potential spend), timing of spend and more. In B2B, we are interested in business type, size of business, holding companies and subsidiaries, competitive products bought, etc. You can segment customers by their activity or responsiveness levels and then develop strategies to engage them. For example, Novo (2003) recommends the use of *hurdle rates* which are the percentage of customers in a group (e.g. in a segment or on a list) who have completed an action. Hurdle rates can then be used to compare the engagement of different groups or to set targets to increase engagement with online channels, as the examples below show:

- 20 per cent of customers have visited in past six months
- 5 per cent of customers have made three or more purchases in year
- 60 per cent of registrants have logged on to system in year
- 30 per cent have clicked through on email in year.

Whether B2C or B2B, managing the activity levels of your subscribers is key – you need to manage email list decay.

Digital Marketing Insight

Managing email engagement decay

It is inevitable that email list subscribers have their highest levels of engagement with a brand when they are first added to a database and that this will decay through time. Dom Yeadon (2009) of The Marketing Bureau (www.tmb.uk.com) has analyzed a sample of B2C and B2B lists that show the extent of email list decay. He summarizes the implications of the research as follows:

- You could lose 5% of the whole list every 3 months
- Your list loses two-thirds of its value in 12 months
- Fresh emails (0 to 3 months old) are each worth three times as much as older emails (12 months old).

You can evaluate your email list using Yeadon's formula based on different aspects of email response:

> Engagement Index = (D × V × CTR × 100) where D = Deliverability, V = Views (Opens) and CTR = Clickthrough rate

He gives these examples:

- Email engagement Index, 0–3 months = 11
    - Delivery rate = 90%
    - Views = 35%
    - l Clickthroughs = 36%

        [.9 ×.35 ×.36 =.11 × 100 = 11]

- Email engagement Index, 9–12 months = 4
    - Delivery rate = 73%
    - Views = 31%
    - Clickthroughs = 18%

        [.73 ×.31 ×.18 =.04 × 100 = 4]

So what to do about email decay?

Digital Marketing Best Practice Checklist – Email List Decay

Here is our checklist for managing email list decay:

- ☑ Develop a welcome programme where over the first three to six months you deliver targeted auto-triggered emails to educate subscribers about your brand, products and deliver targeted offers.
- ☑ Think about how you can reactivate list members as they become less responsive.
- ☑ Segment list members by activity (responsiveness) and age on list. Assess your level of email list activity (ask what percentage of list members haven't clicked within the last three to six months – if they haven't, they are inactive and should be treated differently, either by reducing frequency or using more offline media).
- ☑ Follow up on bounces, using other media to reduce problems of dropping deliverability.
- ☑ Best practice when renting lists is to request only emails where the opt-in is within the most recent six to nine months when subscribers are most active.

Which Software Tools are Required?

Every organization has lots of useful data on its customers. Unfortunately, many organizations have several databases, each set up at different times with no ability to cross-reference the data within them. Typically, there is the old *'legacy'* database or customer contact management system for traditional direct mail and a completely separate database for web site visitors containing registration information in a profile and purchase information for an e-commerce site. There is usually a separate system for managing email marketing or marketing automation which contains customer profile details and information on how they responded to each campaign. These services have now been extended to 'Marketing Cloud Services' that offer many of the marketing functions that are available today, often from separate tools, each with their own database as shown in the visual below.

Marketing technology is discussed further in Section 8.4.

Figure 8.8 Thirty categories of marketing applications identified by Smart Insights (2016). Details on service available at: http://bit.ly/smartdigitaltools

Choosing a Marketing Automation System for CRM

Today, there are many options for managing lifecycle communications based around a customer database. Which you should use will depend on the size of the company. A small business may reap the benefits of setting up a

simple welcome sequence or abandoned basket sequence if they are a retailer. A larger organization will be able to get additional benefits through implementing more of the potential lifecycle marketing features like those shown in Figure 8.3. A win-back campaign is an example of an automation technique that is more likely to be run by a large business which has the scale to make it worthwhile.

1. *Standard office software.* Using Microsoft Outlook, for example. We don't recommend this option since it is only really practical for small lists since each contact has to be added and removed manually. No tracking is available with this approach and all bounced emails have to be processed manually.
2. *Email service providers (ESPs).* In the past some smaller businesses used desktop mailer software, where contact information was stored on a company server or on an individuals' desktop. Today most businesses use ESPs, which are web-based services known as '*Software-as-a-Service'* (SaaS) that can be used by a client to manage their own email activities. Rather than buying software that you host and manage on your server, the software is effectively used on a subscription basis and runs on another company's server. In other words, it provides all the technical infrastructure that is needed to run the campaign, but is managed by an outside company. You can see a list we have compiled of the most popular services at http://bit.ly/smartesps. From a user experience point of view, the user logs in to a web-based 'booth' such as that shown in Figure 8.10 and from this one point, is able to create the email, select the targeting, broadcast and track the results in real time.
3. *SMTP mail relays and web services based on API interfaces.* Companies, app developers and ESPs are increasingly turning to services such as SendGrid as a method to outsource delivery and tracking of email while they manage segmentation and targeting internally. Web-based services such as GetSatisfaction, Foursquare and SlideShare all use this service.

4. *Marketing Cloud Services.* These are services which aim to support many aspects of personalized communications throughout the customer lifecycle from acquisition through conversion to customer retention. Many are developed primarily for large enterprises, such as those from Adobe, Oracle and Salesforce, and have a price tag to match, but some others, such as those from Act-On, HubSpot and InfusionSoft, are more relevant for small and medium businesses.

There are four main requirements or tasks involved with managing email campaigns and e-newsletters. Here is our checklist of issues to consider when selecting an ESP.

Digital Marketing Best Practice Checklist – Choosing an Email Service Provider

The main email management activities are:

1 *Creating the content*

☑ Are predefined templates available?
☑ Is there an integrated WYSIWYG (what you see is what you get) editor in which content and images can be edited within a template, or does it require a separate web editing programme like Adobe Dreamweaver?
☑ Can different permissions be assigned to limit access according to skill level?
☑ How easy is it to add a personal salutation?
☑ How easily can dynamic content be included according to database criteria?
☑ Can e-newsletters easily be archived on site?
☑ Can e-newsletter features be provided as RSS feeds if required?

2 *Managing the list and segmentation and targeting*

- ☑ Can subscriptions and 'unsubscribes' be managed through a web site?
- ☑ Are bounces managed such that the marketer only receives genuine replies, not undelivered messages and out-of-office autoreplies, etc.?
- ☑ Do the standard database fields apply for basic activity and is it easy to add new fields to the standard fields?
- ☑ How easy is it to setup, manage and report on segments for targeting?
- ☑ Can lead scoring be used to identify the potential value of a customer?
- ☑ What are the options for integrating with other databases of customer/campaign/sales information? The options to achieve data integration are:

    a. Ad hoc import/export process; i.e. customer profile information for personalization is exported from the customer database before a campaign as required, and changes to communications preferences are updated after each campaign.
    b. Regular batch synchronization process: the system can be set up to exchange data at a regular time – daily, weekly or monthly.
    c. Real-time synchronization process: direct communications are set up to occur between the email database and customer database using APIs.

3 *Broadcasting the message*

- ☑ Is smart broadcasting used to reduce the volume to avoid a high-volume SPAM signature?

☑ Is there a unique IP available for each client (not essential and expensive)?
☑ Can auto-response notifications be easily set up?
☑ Can predefined automated lifecycle emails easily be set up for behavioural or contextual marketing (Sense and Respond marketing automation)?
☑ Can dynamic content be added to provide more relevant email?
☑ Can future email broadcasts be scheduled (e.g. for next day)?

4 *Tracking/reporting the results*

☑ Is deliverability and response tracked by the ISP/webmail provider to identify problems?
☑ Is closed-loop reporting of inbox delivery and complaints integrated with ISP/webmail providers?
☑ How easy is it to set up A/B or multivariate testing cells?
☑ What metrics are available (after the click); i.e. tagging on the web site to show number and type of pages accessed? Can the tagging integrate with a web analytics system?
☑ Can response be tracked at an individual level?
☑ Can response be tracked across time/multiple campaigns?
☑ Can response be tracked for different demographic profiles?
☑ Is there text and/or visual reporting on which links were clicked?
☑ Can viral pass-alongs be easily monitored?
☑ Can response be integrated with options (a) to (c) above?

Then comes the really interesting software – *data mining and predictive analytics* software that drills down into the data warehouses to find correlations and profiles buried deep within the layers of data. Data mining today is part of the trend described as 'Big Data' and can reveal surprising correlations, some of which help to profile your own customers and then look for similar types elsewhere.

The 'Big Data' Concept and Predictive Analytics

'Big Data' is a term used to describe analysis techniques and systems which exploit the larger volumes of data that are now available for marketers. The opportunity and challenge of Big Data for marketing is often described using three dimensions or vector:

- *Data Volume* refers to the increase in data which is now available for online interactions with websites and social media.
- *Data Velocity* shows how marketers now have access to real-time data, such as real time analytics of interactions on web and mobile sites and also social media interactions.
- *Data Variety* shows how new types of unstructured data, including again, social media interactions, offer potential too. This also suggests the potential of integrating different sources of data to gain more customer insight.

The key question for marketers given access to the potential new types of data is, how do we harness it? Through integrating new types of data from different systems and sources there is clearly the option to mine new data about how businesses interact with customers to encourage purchase. Ultimately, the main application of Big Data in marketing is used to increase relevance of communications using the Marketing Automation techniques discussed earlier in the chapter. Techniques such as predictive modelling are used to send more relevant, contextual emails or web personalised banners to customers in order to generate response.

Some have argued that Big Data is a classic example of 'The Emperor's New Clothes' fable, i.e. it is a term created by systems vendors and consultants to generate demand for services which have been previously available under another label. Others note that many marketers are not exploiting the 'Small Data' available through campaign reporting and digital analytics. This mini

case study shows a practical example of the exploitation of Big Data and predictive analytics.

Digital Marketing Excellence

How Guess use predictive analytics

In an interview with Guess Director of Marketing – CRM, Victoria Grahan, Custora (Kivilis, 2014) describes different opportunities for the brand in the way they use predictive analytics. The first opportunity is combining multiple customer and transaction data sources. Grahan explains:

> ***All of our analysis was based on past purchases behaviour. We're not data scientists, we don't have PhDs in our office, so any predictive analysis — like who might buy in the future, and what a customer might buy in the future — was not something that we were able to capture.***

Guess applied predictive analytics by first identifying and understanding their customers across two dimensions: purchase-based customer personas and high-value customers. These insights were then applied to predict future purchase response to acquisition and retention campaigns. This has prompted a change in the Guess email strategy.

> ***Three years ago we were emailing customers three, possibly four times a week... We were very much "batch and blast", and our email calendar was driven by our merchant team: If there's a product launch, or a big promotion, like 40% off all sweaters, that was driving the email calendar. We're now in the process of changing that.***
>
> ***We've been cognizant of the fact that it is quite likely that we were irritating our customers with constantly talking to them. We had two options when we talked about getting personalized with our emails: One option was to cut back on emails. If today's email is about denim, and you like accessories, you just don't get today's email. But the thought of cutting down the number of emails we send out was scary. The other option was, if we're going to email everyone every day, let's talk to them in a way that's meaningful and relevant to them.***

In a test, they isolated the accessories persona and the non-accessories persona. They compared the accessories customers who received the accessories-focused email (group A) to accessories customers who received the regular email (group B). The CTR and conversion rate of group A far exceeded those of group B.

Another analysis approach was identifying high-value customers to optimize acquisition. This dispelled a lot of assumptions according to Graham, such as assuming that top customers were metropolitan customers, who liked core products like denim, but also loved accessories. But this wasn't necessarily the case, Graham explains:

> ***when we looked at where our customer really over-index and differentiate themselves from the rest of our customer database, they found that they were more likely to live in suburban areas. Arizona popped as a big state for high lifetime value customers. Their first purchase tended to be a knit or a sweater or denim.***

Active database marketers know that databases deteriorate over time – people die, change job, move house. So the database asset has to be maintained, cleaned or updated. The cleaning process costs resources, but is crucial if the database is going to be used to its optimum. See Section 8.9 on cleaning the database.

Finally, it is essential to have a seamless, integrated database that works across all different platforms. So a customer is recognized and remembered and serviced in a personalized way, whether they access the company by telephone, web site, interactive TV or mobile phone. Integrating the databases presents a big challenge.

Section Summary 8.3

Database marketing and marketing automation

Although the database is at the heart of CRM, it goes way beyond simply collecting data. You now know the importance of linking the database to a clear marketing automation programme; the types of data fields – the complications that can arise; how mining can help to profile different types of customer (including best and worst); and the importance of maintaining and cleaning the database. A carefully planned, integrated and managed database can reap huge rewards.

8.4 Using marketing technology to support CRM

This section shows how different types of marketing technology can be used to support CRM and explores some of the challenges of managing the proliferation of technology and insight that is available to today's marketer.

Why the Increased Focus on Martech?

The focus on how businesses select and manage *Marketing Technology*, or *MarTech* for short, has long been influenced by analysts such as Forrester, Gartner and IDC who have explained different categories and compared the capabilities of different vendors. More recently, since 2011, the challenge has been brought to life by the Marketing Technology Landscape map by Scott Brinker (Brinker, 2016).

It's too detailed to show here since it identifies over 3,500 different vendors of technology in many categories, but we think this graphic is useful since it prompts marketers to review their current marketing technology and take action to improve their *marketing technology stack*.

Why should I be thinking about a 'MarTech Stack'?!

Penni Stanton, Marketing Manager at Gold-Vision CRM, says, 'Because you already have one!' She explains that without realizing it, almost every business, no matter how small, will have some form of marketing technology stack. And it will naturally grow with your business. If you don't plan now, you are likely to end up with a tangle of disparate systems all churning out data – none of which you can combine and measure. If you have a customer database, combined with a website, and send emails, you already have a stack. Add social platforms, analytics, a CMS, display and retargeting ads, and a marketing automation platform and suddenly that is a LOT of technology and a lot of data. If you don't consider how they interconnect at the start, you could end up with a lot of employees working in expensive and unconnected silos. And that is without considering other useful customer data you may have in accounting, events and sales software, amongst others.

Digital Marketing Insight

How does your marketing stack compare and how can you establish your return on marketing technology?

For marketers, the rapid expansion of MarTech has created an astonishing breadth of choices and capabilities available to help meet their business objectives. It has been estimated by Radius (2016) that the average marketing stack consists of 17+ tools.

You can review the MarTech your business and competitors are using with services that monitor and categorize the Javascript tags that are used on websites to exchange data with SaaS services we described

earlier in the chapter. If you type in your website URL to services like BuiltWith.com, SimilarTech.com or ObservePoint.com, you can see the number of MarTech tags and the category of marketing application, e.g. analytics, advertising, CRM, etc. If you look at the score for larger digital businesses like Expedia or John Lewis you will see they can have more than 50 different tags.

With so many different tags and services, you can imagine there are some serious questions to be asked about the return on marketing technology. These include both technical issues and business issues as outlined in the table below.

Table 8.2 The challenges of managing return on marketing technology

Challenge	Problem	Solutions
Technical – data inaccuracies	Over or under-reporting or inconsistent between different analytics or reporting systems.	• Audit analytics tags across site(s) • Validate customer engagement data to reconcile across systems.
	No 'single version' of the truth of which to build improvements.	
Technical – platform performance or availability degraded	Incorrect deployment causes Javascript errors or the number of tags causes download problems.	• Audit analytics tags across site(s) and correct errors.
Technical – service data integration	Data exchange through APIs to gain single customer view not set up.	• Define required integrations before deployment.

Challenge	Problem	Solutions
Business – business case	Quantitative business case for MarTech not defined.	• Create quantitative business case based on feature deployment.
Business – measures and evaluation	Baseline key performance indicators (KPIs) not put in place to review digital channel contribution or improvements.	• Create conversion based revenue and lifetime value models based on technology.
Business – deploying service functionality	Relevant functionality not used, e.g. marketing automation system used for sending untargeted emails.	• Initial requirements specification for request for proposals (RFP) based on what should be implemented.
Business – people	Staff skills not developed to sufficiently utilize functionality.	• Change management programme when introducing service
		• Training.
Business – process	Delays in implementation delay time to break-even.	• Project management plan for implementation.
	Process not in place to plan, manage and optimize use of functionality.	

More specifically, here is an e-CRM checklist which shows the options for an e-CRM programme.

Digital Marketing Best Practice – Managing Martech Checklist

☑ Using the *web site and social media for customer development* from generating leads through to conversion to an online or offline sale using email and web-based information to encourage purchase.

☑ *Managing email list quality* (coverage of email addresses and integration of customer profile information from other databases to enable targeting).

☑ Applying automated triggered *email marketing* to support contact strategies aimed at customer development (welcome, purchase, upsell, cross-sell and after sales) as shown in Table 8.1.

☑ Harnessing *data mining* and *predictive analytics* to identify new segments and improve targeting.

☑ Providing online personalization or *mass-customization* facilities to automatically recommend the 'Next best product'.

☑ Using *remarketing* or *retargeting* offsite to deliver brand and offer reminders through ads across Google AdWords, Google Display Network, social media and ad networks.

☑ Providing *online customer service facilities* (such as Frequently Asked Questions, callback and chat support).

☑ Managing *online service quality* to ensure that first-time buyers have a great customer experience that encourages them to buy again

☑ Managing the *multi-channel customer experience* as they use different media as part of the buying process and customer lifecycle; i.e. providing clear linkages and seamless transition between online and offline channels or touchpoints as part of the relationship.

These facets of marketing automation assisted CRM mean that marketers can potentially deliver cheaper, faster and more flexible CRM.

- *Cheaper* – since although SaaS MarTech can be expensive initially to customize, if it is carefully chosen and utilized fully it can deliver significant savings, particularly when much of the dialogue is both personalized and automated.

- *Faster* – since CRM is automated and so responses are almost instantaneous; e.g. when visitors register on a web site, acknowledgement is now almost instantaneous. Similarly when customers place orders via web sites, most sites now automatically respond by acknowledging the order immediately. Many e-customers expect this now.
- *More flexible* – CRM systems should be readily updated to accommodate new products and new promotion techniques for digital media.

The CRM software also enables permission marketing so that the relationship is founded on customer permission, and communications, in particular, become *more relevant, more personalized* and often *more interactive.*

With its customer orientation, CRM helps marketers by growing longer-lasting customer relationships. So both lifetime value and customer 'share of wallet' grow. The best relationships are those where both partners feel they are equal and can build respect for each other through mutual understanding. From the customer's point of view, it means that the relationship – and communications, in particular – are more relevant, tailored and often interactive. Speedy responses and considered responses are always appreciated by customers. In fact, complaining customers can become friends for life if their problems are dealt with swiftly and professionally. So it follows that resources (people, money, time) have to be allocated towards monitoring customer feedback and dealing with the specific non-standard problems on a oneto-one basis. For example, many companies have found that online chat (LivePerson) and telephone callback systems activated when customers fill in an online form are effective for moving customers from a virtual-world relationship to a more involving real-world relationship with contact-centre staff. However, such systems are resource-intensive and customer expectations must be met so that they don't have to wait for that chat session or phone call.

Keeping the Relationship Alive

Think about your own relationships. What makes them work? All relationships can get stale unless you work hard at them. This means that your web site needs to be updated and kept fresh and tailored – your offerings need to be more attractive than the competition's. How can you keep the relationship alive – without changing so much that you are no longer the organization they wanted to have a relationship with in the first place? DRAMA – that's how!

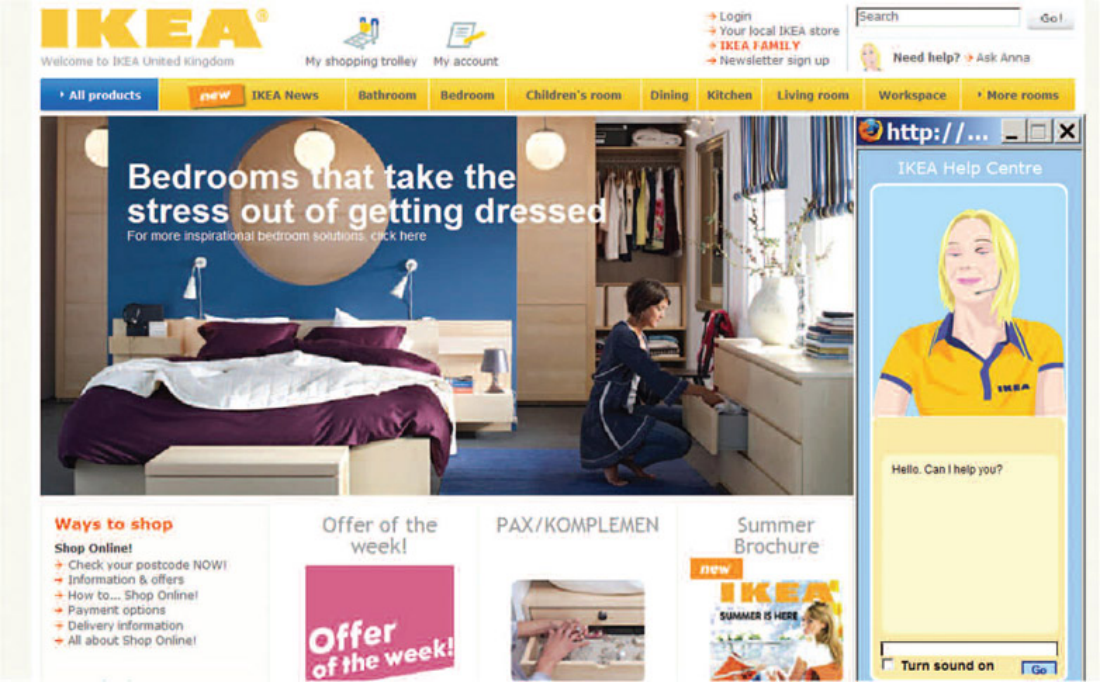

Figure 8.9 Avatar delivered by IKEA

Source: www.ikea.co.uk

- *Dialogue.* An organization should offer customers ways to talk to them – every message sent should allow for a response. Every unsolicited communication from them should receive a swift and relevant response. The organisation *must* show that it listens and can talk and tell too!

- *Relevancy*. The beauty of e-CRM is that mass communication can be personal and made relevant to the recipient; indeed, the customer's expectation of relevance will be so high that it is dangerous to send bulk messages that are not tailored to that one person's/company's needs.
- *Accuracy*. E-CRM opens the door for poor information management as does any other form of direct communication – but this time the problem might well have originated with the customer themselves; e.g. they misspell a name, enter digits incorrectly, etc. when data are captured. Data must be checked, must be updated and must be kept 'clean'. Equally, any information you give to customers must be double-checked (as in all good communication) to ensure total accuracy.
- *Magic*. This is what makes the difference – the extra dimension that makes people want to be your customer. There is much talk of 'Customer Delight' – go one better and aim for Customer Amazement! The Internet allows for special effects, deliveries of technically advanced packages of personalized information presented in very appealing ways – animation, sound, interaction, prizes, incentives, collection schemes; these are sometimes expected by customers nowadays, so what will you do that is different? Will it be your creative execution? The links with famous personalities whom you sponsor or hire? The very personal touch of a one-to-one adviser, whether delivered by a virtual *avatar* adviser (Figure 8.9) or a human online chat?

  As with any relationship, an occasional gift is a pleasant surprise. Given the lifetime value and potential share of wallet, some marketers realize that it is worth treating their customers with surprises. Note that some countries restrict gift giving (e.g. German B2C markets and now also UK B2B markets, as the Bribery Act 2010 limits the value of gifts given to B2B buyers). *Magic* is what should be the goal – and never guess what it might be; carry out research to find out what your customers want it to be.

- *Access.* 'I feel like we're drifting apart!' Don't let your relationship wither due to lack of contact. Getting someone to visit your site is one challenge; the next challenge is to get them to come back (the second visit is usually the start of a beautiful relationship). So ask yourself, 'What are we doing to get visitors to come back to the site? Do we give them a reason to come back?'

So now let us get down to the nitty-gritty of e-CRM – what are the specific stages? There are many different approaches to the CRM or e-CRM stages or cycle such as the Ladder of Loyalty (Considine and Murray, 1981) or the customer development cycle of selection, acquisition, retention and extension (and now we have the new Ladder of Engagement – see Chapter 3, Section 3.10). Here is another approach to the CRM cycle.

1. *Attract!* Obviously, this is where traditional offline communication as well as online communication about your offering are being designed to bring customers to your site. From TV advertising to banner ads and hotspots, getting them to your site will only be possible if (a) they know what you are offering and are interested, and (b) they know where you are and how to get to you.
2. *Capture data.* The Internet is a splendid mechanism for capturing data – the prospect has the keyboard and screen in front of them and you can incentivize the giving of data.
3. *Get closer.* Get to know them better. It is not surprising that there is reluctance on the part of many individuals to give away personal data while online. So it is often better to gather more information about a person slowly and over time, as the trust builds between you and them.
4. *Embrace them.* Make your customer feel loved! Approach them with offers, prizes, rewards, incentives and information as well as experiences that show them you are thinking about *them.*
5. *Golden handcuffs.* Once you get them to show some loyalty, build a system whereby things are too good for them to leave! Tailor information or services to suit them specifically. Or offer services that

integrate with the customer's own systems or lifestyle. These switching costs make leaving less likely.

Section Summary 8.4

Using marketing technology to support CRM

E-CRM draws on the basic principles of CRM, relationship marketing and database marketing. There is a clear set of stages in CRM development. You have to work hard at keeping the relationship alive (DRAMA). There are many benefits including lifetime customers and increased share of wallet which help to grow your business.

8.5 Profiling

Profiling helps you to know your customers better. By the end of this section, you will know what profiling is, how it works and how it can help marketers.

Profiling can combine explicit data (customer information collected from registrations and surveys) and implicit data (behavioural information gleaned from the back end; i.e. through the recorded actions of customers on your site). Good strategies combine both implicit and explicit data continually. It is important to have a clear understanding of the target markets, the characteristics that define each segment and how you want to serve each segment. For example, certain car buyers might have different demographic profiles, show interest in particular features of a car (on particular pages) and request a test drive. If this group of visitors (or segment) fits the ideal customer profile, then they may get a DVD and an

immediate incentive to buy now. Whereas another group, or segment, of visitors with a less likely profile may only get an e-newsletter once a month.

We can observe visitors as they leave an audit trail of what they did, what they looked at and for how long. As the cookie enables us to trace which pages you access, we can establish your profile according to what you're interested in (pages visited × duration spent there) and everything you put into your shopping basket and ultimately what you did or did not buy.

The database can help you to find out who your most profitable customers are and whether they have any similar characteristics (e.g. came from a certain type of site or search engine; searched using a particular keyphrase; or spent a certain amount of time on particular pages). It makes sense to build up profiles of both customers and enquirers and segment them according to their different interests/enquiries/requirements or purchases.

The better the profiling, the better the results because the more accurately you target your marketing efforts on particular profiles or segments, the less your efforts will be wasted. Different customers have different needs. It is actually easier to satisfy them if you divide them into groups sharing similar needs (segments) and then treat each segment differently.

The more you know about customers, the better. It's as simple as that. Therefore a well-used database as part of a CRM system can create a competitive advantage as you grow your own mini monopoly (customers on your database).

Today, we can build sophisticated consumer profiles based on previous purchasing decisions and even identify the consumer hierarchy of criteria – whether quality, speed of delivery, level of service, etc. This enables us to target tailored offers that match the specific needs of segments on our database. Get this right and this 'virtuous cycle' delivers superior service and simultaneously creates competitive advantage that protects us from losing

our customers to the inevitable, new, competitive offers looming on the horizon.

Which Information is Needed for Profiling?

Who is your customer? This is a classic marketing question. Do you really know who they are? What are your customers' key characteristics? What characteristics separate your *ideal customers* from your average customers? What is the profile of your ideal customer? Is it different from your worst, *negative value customers*? Surprisingly, many companies cannot answer these questions. If you don't know your customer profiles, how can you (a) satisfy them better, and (b) find other customers like them?

A *customer profile* can take everything you know about the customer and everything you know about people who are like that customer. It can then be layered with all the psychological and sociological theory that suggests how that person will react to a specific offer or promotion. This helps you to tailor offers that work better for both your customers and your business.

Digital Marketing Insight

London Fire Brigade data analytics predict fires through profiling

Database mining can even be used for non-marketing purposes, such as fire prevention. Take the London Fire Brigade. It carries out 65,000 home safety visits each year, but with over 3 million homes in London, it would take over 50 years to cover everyone. More than 60 different data elements are fed into the model, including census data and population demographics, broken down into 649 geographical areas

(ward level), plus type of land use, data on deprivation, Mosaic lifestyle data, historical incidents and past prevention activity. The model predicts where fires are most likely to occur. The London Fire Brigade uses the information to predict where there is a high risk of fire – e.g. in a small estate of houses or industrial buildings – so they can then send in an assessor to investigate and perhaps circulate information, set up some advisory services and ultimately reduce the number of fires (Smith and Zook, 2011).

Approaches to Profiling

Profiling is a continuous activity – continually collecting customer information, mining it and using it to profile and target more successfully. It is crucial to know what fields or data should be collected.

A simple example of this is the classic, timeless, grandfather clock story. A marketer with a huge database decided to market a limited-edition upmarket grandfather clock. After some consideration, they targeted 45–65-year-olds, upper income, living in large detached houses. They ran a test mailing which generated 60 orders. They then used the 60 responses to build a better profile of the actual customer. Using a more accurate customer profile, they then targeted a different segment of their database and sold every single clock!

Progressive Profiling can help you get closer to customers. This involves collecting additional information from customers after initial registration to build up a better picture of them. This can be by (a) asking directly for additional insight, e.g. via subsequent welcome emails or website offers, (b) watching interactions such as clicks on emails or when categories or products are browsed, or (c) data aggregation or enrichment services; e.g. integrating data from other sources such as Clearbit or Fullcontact.

As an example of (a), we like the simplicity of Schuh's online email sign-up form. All you need to give is an email address, there's no demand for more profile data. For a retailer who just collects email addresses, they will be able to see searches completed or categories browsed and send follow-up emails based on these – this is sometimes called 'Progressive Profiling' if you want to impress (or confuse) with jargon

Profile data can be gathered from several sources: internally from the customer's own input on a web form, tracking mechanisms and questionnaires; or externally from research companies and data integration services. Data can be complex and of massive volume – it might be that you have to hire a computer bureau to crunch the data to turn it into useful information. An example of building a profile through an online conversation with customers is given in the Digital Marketing Excellence box below ('Tektronix builds customer intimacy with virtual conversations with its customers').

One of the toughest jobs is to know which data matter most – especially where there are conflicting data. Some customers will give you incorrect information – consciously or unconsciously. You have to come up with ways to:

1. Acquire the information in the first place
2. Make it useful to your organization.

The issue of the invasion of privacy is a difficult one. Laws, ethics and codes of practice come into play. Ethics have a role, but the main arbiters of 'how much contact is too much contact' are the customers themselves. They will show you how ready they are to be communicated with by their response. You have to gain their permission.

Asking for information is a delicate affair. You cannot be too greedy. Beyond the basic information, you may need to offer incentives for more information, or simply wait for the relationship to develop and permission

to ask for more. But remember that customers value their privacy. Let your customers see your privacy policy posted clearly on your web site and any other access point customers may have with you.

Digital Marketing Insight

Using behavioural analysis to predict lifetime values

Internet gaming company Victor Chandler used SAS (www.sas.com) to do a behavioural analysis to predict lifetime values of new customers. For example, if a new customer comes in and bets on casinos (instead of poker tables), the company can predict whether that customer is more likely to become a long-term customer or a short-term, expensive, loss-making customer. The predictive analysis suggests which customers are worth investing in (with regular contact and regular incentives) and which are not worth investing in – those loss-making 'bonus seeker' customers whose profile is young male, tight betting (as opposed to betting all of their stash), declining betting frequency, infrequent betting, or middle-aged female. If visitors display these characteristics, they'll stay three weeks and leave and therefore do not warrant any relationship-building efforts (i.e. no regular contact or incentives). The other customers are worth investing in, and it is worth developing 'retention activity' (a regular attractive incentivized contact strategy) for them. Predictive analytics use historical data to highlight and optimize marketing messages that work better for certain social networks (Smith and Zook, 2011).

Of course, it is one thing to collect profile information, it is quite another to use it and derive value from it. Many organizations of all sizes, shapes and sectors today acknowledge that their most valuable asset is their customer information. Ironically, it also seems to be one of the least understood and

most poorly managed areas. Often, no one is in overall charge of the data and there is a failure to invest in developing processes and systems to help staff contribute to data collection, quality and usage; e.g. far too often, the same message and creative are sent to everyone on a list.

Digital Marketing Excellence

Tektronix builds customer intimacy with virtual conversations with its customers

B2B test and measurement company Tektronix (www.tektronix.com) uses email as a strategic communications tool to build relationships with its customers. Tektronix uses regular e-newsletters and periodic personalized email 'e-blasts' about product launches and promotions based on a detailed personal 'myTek' profile. Tektronix also uses a novel form of email marketing to create greater intimacy with its customers. This uses technology from I-OP (www.i-op.com) to generate a dialogue with the email recipient rather than completion of a simple online form.

The goal in using email in this way is to:

- Increase registration-form completion rates to get more leads
- Pre-qualify leads so the sales team don't waste their efforts
- Build intimacy by educating leads with useful materials on products that are right for them.

When the customer receives an email, it links to a form titled 'A virtual conversation with Tektronix' (Figure 8.10). They are then led through a series of questions on different forms to help the company better understand their characteristics and needs and offering relevant white papers in return. The questions are carefully tuned so that different

customers see different questions and are offered different white papers according to their interests. With these 'skip patterns', the average respondent sees around eight questions, although there may be 20 or so in total.

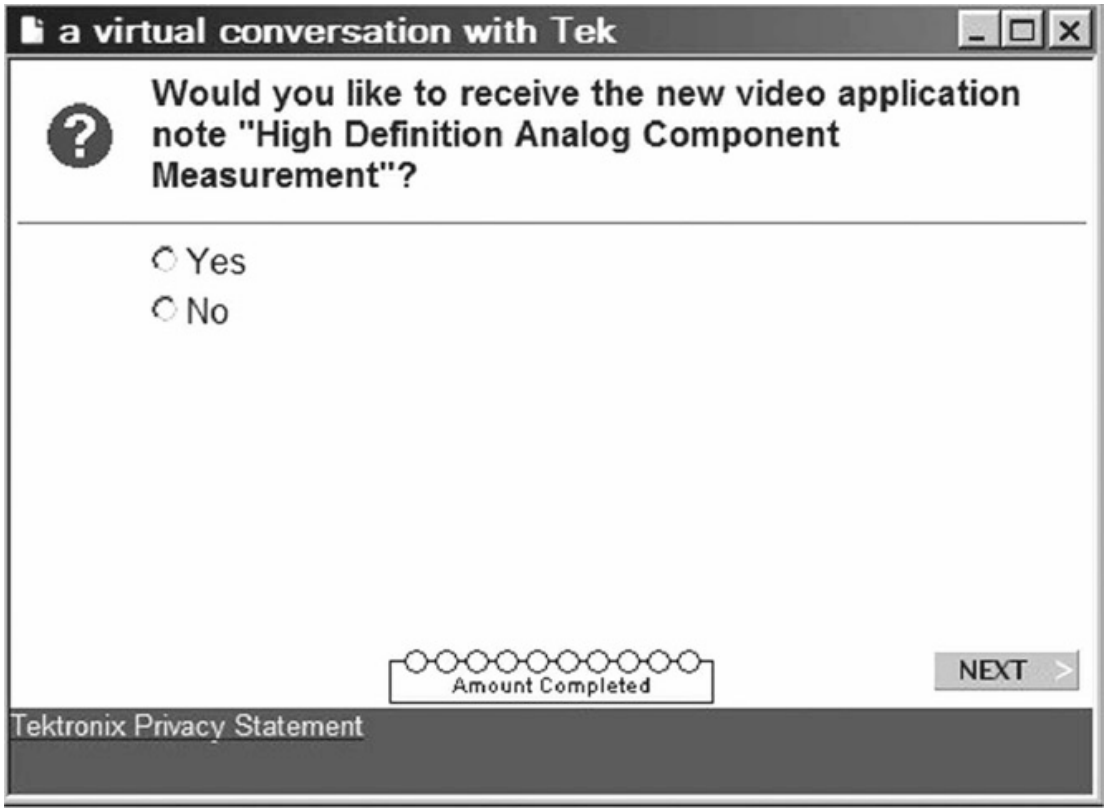
a virtual conversation with Tek
Would you like to receive the new video application note "High Definition Analog Component Measurement"?
Yes
No
Amount Completed
NEXT
Tektronix Privacy Statement

Figure 8.10 Email dialogue for Tektronix

Source: www.tektronix.com; Copyright © Tektronix. All rights reserved. Reprinted by permission

Section Summary 8.5

Profiling

Profiling helps you to:

- See your customers more clearly
- Identify customer segments
- Separate your best from your worst customers
- Tailor tempting offerings so that they are more relevant to specific customer profiles
- Build lifetime relationships using insight from Progressive Profiling
- Enjoy lifetime value and grow share of wallet.

8.6 Personalization

Specialized SaaS personalization combined with an up-to-date and well-cleaned database allow marketers to personalize communications such as emails, voice mails (voice-activated emails), snail mails (traditional direct mail), SMS text messages (for mobiles) and, most interestingly, web sites – personalized web sites. Chapter 6 on site design includes a section (6.5) dedicated to personalized web sites.

Some recent examples of personalized web sites include Asda (recommended shopping lists based on past buying behaviour), Google (search results modified by previous search behaviour), Groupon (offers vary according to your location), the UK's National Autistic Society (tailored content determined by user profile), and, of course, Nike (design and purchase of individualized products; but see Digital Marketing Insight box 'HSBC uses personalization to deliver tailored propositions', below, for a more in-depth example). The pioneers of all of this, Amazon, now claims that some 35 per cent of its sales come from suggested products (based on collaborative filtering; e.g. if customer X buys a rugby star's book and another 100,000 buyers of this book have also bought another star player's book, then it is quite possible that customer X might also buy the new book by the second rugby star).

Digital Marketing Insight

Amazon gets more personal via Facebook Connect

By connecting to your Facebook Profile and Social Graph, Amazon can recommend products that match your interests and those of your friends beyond the clickstream, in addition to the purchase data it has from on-site Amazon behaviour.

Using the Facebook Open Graph, Amazon now offers recommended products based on the 'Likes' of Facebook Friends, along with upcoming birthdays. They can also base recommendations on the personal preferences expressed on Facebook (Hubspot, 2011).

Why Personalization?

The most important sound in the world is… your own name! We all appreciate it when people remember our names. It's personal. It's a compliment – an expression of respect. Web sites, blogs and Facebook pages today have to think about 'Giving Attention' and not just 'Getting Attention' from customers. By the end of this section, you'll know how personalization helps to build relationships and the issues that arise. Some call it affectionately, 'the personal touch', when a restaurant remembers your favourite wine or preferred table. The database enhances the marketer's memory of customer names, needs, interests and preferences.

Personalization enhances the relationship. Personalized, relevant web recommendations help boost response as shown in the benchmark stats below since they create a sense of ownership. Not 'of the customer by the marketer', but 'of the site by the customer'! Remember that such

personalization isn't only relevant for e-commerce sites, but can be used to recommend relevant content as part of lead nurturing for B2B and high value B2C sites. Other services which make it easy to personalize by inserting a Javascript tag on a site include BrightInfo, Evergage and IdioPlatform.

Digital Marketing Insight

Barilliance boosts response from personalization

Here are some of the main learnings from research by Barilliance (Bandel, 2015) which highlight the potential gains from implementing personalized product recommendations for a retailer.

1. *Percentage of transaction revenue from recommendations.* The worldwide average website revenue generated from product recommendations was 12 per cent.
2. *Impact on conversion rate.* The conversion rate of visitors who clicked on product recommendations was found to be 5.5 times higher than the conversion rate of non-clicking customers.
3. *Placement of recommendations.* Above-the-fold recommendations were found to be 1.7 times more effective than below-the-fold recommendations.
4. *Type of recommendations.* Out of the 20+ product recommendations types that were reviewed in this study, the most engaging recommendation type was 'What customers ultimately buy'. This is the equivalent of the well-known Amazon recommendation 'What other items do customers buy after viewing this item?'
5. *The impact of personal merchandising.* The CTR of personalized 'Top Sellers' recommendations was found to be two times more

effective than the CTR of global (non-personalized) 'Top Sellers' recommendations.

When you make a customer feel that their home page is truly theirs, that the offers you make available to them are theirs, that the information they access is put together just for them, then you allow the customer to own you.

This enhanced service helps to sell while also providing the platform for ongoing dialogue ('Speak') and enhancing the brand personality. So personalization delivers four of the '5Ss' of digital marketing ('Sell', 'Serve', 'Speak' and 'Sizzle'). Which 'S' is missing? 'Save' – personalization software does cost money. And the larger the customer base gets, the more complex the personalization becomes. For this reason, many organizations stick with a less sophisticated mass web site.

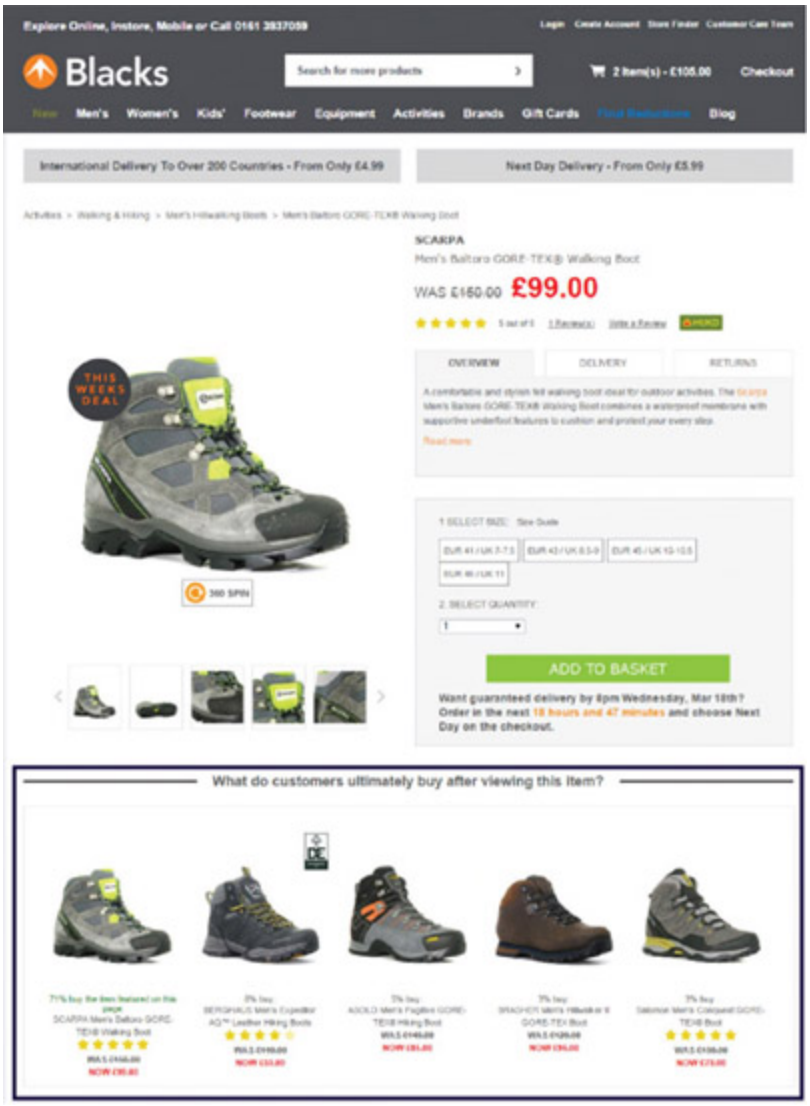

Figure 8.11 Personalized product recommendations from Blacks

Source: www.blacks.co.uk

Approaches to Personalization

There are three distinct approaches to personalization: customization, individualization and group characterization. *Preference-based customization* is the easiest to see in action: it allows the visitor to select and set up their specific preferences. *Individualization* goes beyond this fixed setting and uses patterns of your own behaviour (and not any other user's –

they know it's you because of your log-in and password choices) to deliver specific content to you that follows your patterns of contact. In *group characterization*, you receive a recommendation based on the preferences of people 'like' you, using approaches based on collaborative filtering and case-based reasoning.

Mass customization is where different products, services or content are produced for different segments – sometimes hundreds of different segments.

Personalization is different. It is truly one-to-one. Particularly when not only the web site and communications are personalized, but the product is personalized.

Digital Marketing Insight

HSBC uses personalization to delivered tailored propositions

When HSBC Bank International Limited refined its web site, it wanted to use personalization, with the goals of delivering specific offers and servicing different customer segments, and encouraging customers to move into more valuable segments. This would enable it to capitalize on sales opportunities that would otherwise be missed. This was a challenge: since '60% of total weekly visitors to offshore.hsbc.com log on to the internet banking service, HSBC wanted to market to them effectively while they were engaged in this task, disrupting their banking experience without infuriating them'. Business rules were created to serve promotions dependent on the type of content accessed and the level of balance in the customer's account.

HSBC was successful in meeting its goals and the results show the benefit of personalized, targeted banners. On average, it was reported that the new banners had an 87.5 per cent higher CTR than non-personalized banners (6.88 per cent versus 3.67 per cent). The number of savings accounts opened via Internet banking increased by 30 per cent (based on six months pre- and post-launch). And the number of non-Premier customers upgrading to Premier accounts (requiring a balance of £60,000 or more) increased by 86 per cent (based on four weeks pre- and post-launch of the targeted banners).

Digital Marketing Insight

Over-personalization leads to overfamiliarity

Although personalization is important, it is possible to over-personalize. American Express call centres discovered that customers resented being greeted in person before the customer had declared their own name; the practice was swiftly discontinued.

Likewise, e-CRM systems make it possible to identify an individual responding to an email and downloading product information or a price list on a web site. While a follow-up phone call is obviously well timed, the call needs to be scripted carefully. It sounds like Big Brother if you say, 'We see you downloaded a price list this morning.' It is much better to talk more generally about checking to see whether the customer needs any assistance in selecting a product.

Section Summary 8.6

Personalization

There are pros and cons for the different levels of personalization. It requires resources. It requires a well-kept database. It creates a feeling of ownership. It does have some specific challenges (Murphy's Law), but can, if well executed, enhance customer relationships.

8.7 Email marketing

A coherent email marketing programme which helps build relationships needs to combine excellence in devising effective outbound email campaigns and managing incoming emails to satisfactorily resolve customers' questions.

Outbound Email Marketing

Email is most widely used as a prospect conversion and customer retention tool, using an opt-in house list of prospects and customers who have given permission to a company to contact them. For example, lastminute.com has built a house list of over 10 million prospects and customers across Europe. Successful email marketers adopt a strategic approach to email and develop a contact or *touch strategy* that plans the frequency and content of email communications.

Think of the many benefits of email marketing which show why it has been called 'direct mail on steroids':

1. *Relatively low cost of fulfilment.* The physical costs of email are substantially less than those of direct mail.

2 *Direct response medium encourages immediate action.* Email marketing encourages clickthrough to a web site where the offer can be redeemed immediately; this increases the likelihood of an immediate, impulsive response.
3 *Faster campaign deployment.* Lead times for producing creative and the whole campaign life-cycle tend to be shorter than for traditional media.
4 *Ease of personalization.* It is easier and cheaper to personalize email than for physical media or a web site.
5 *Options for testing.* It is relatively easy and cost-effective to test different email creative and messaging.
6 *Integration.* Through combining email marketing with other direct media which can be personalized such as direct mail, mobile messaging or web personalization, campaign response can be increased as the message is reinforced by different media.

Digital Marketing Best Practice Checklist – Practical Tips for Email Marketing

But email marketing brings its own peculiar set of challenges that need to be managed. Your email programme will fail if you are not managing these issues adequately:

☑ *Deliverability.* Difficulty of getting messages delivered through different internet service providers (ISPs), corporate firewalls and webmail systems. Make sure you check your deliverability into the inbox using a tool like Lyris Email Advisor for the different webmail services your customers may be using, like Hotmail or Gmail. The two main reasons your carefully crafted email may be classified as SPAM are: use of SPAM words within the email subject or body (use the Is Not Spam Service to see whether your copy is classified as SPAM at http://isnotspam.com); the reputation of your email sender is poor due to complaints; or the broadcast characteristics are consistent with

SPAM (high volumes, sent rapidly; check your reputation using Return Path's Sender Score at www.senderscore.org). The better your reputation, then the less likely you are to be blocked for using copy such as 'free' or 'limited offer' which have proven effectiveness.

Subject: Sunny Getaways from £120pp
Can't see this email? Click here for a web version
Add newsletters@mytravel.co.uk into your address book to ensure delivery of our emails!
Right-click here to download pictures. To help protect your privacy, Outlook prevented automatic download of this picture from the Internet.
MyTravel.com
Right-click here to download pictures. To help protect your privacy, Outlook prevented
Right-click here to download pictures. To help protect your privacy, Outlook prevented automatic download of this picture from the Internet.
Save up to 10% - Exclusive Online Discount
Dear Dave
Whether it's a summer family holiday from £120pp, a weekend city break from £99pp or a Far & Away dream holiday from £303pp - Mytravel offers a fantastic choice of destinations with some great savings to be made! Book online today and save up to 10%!
Right-click here to download pictures. To help protect your privacy, Outlook prevented automatic download of this picture from the Internet.
Summer sun
12 May 07 Costa Brava £120pp
26 June 07 Costa Blanca £136pp
27 June 07 Ibiza £139pp
16 May 07 Fuerteventura £139pp
14 May 07 Corfu £147pp
18 May 07 Majorca £147pp
14 May 07 Turkey £155pp
13 May 07 Tunisia £161pp
20 June 07 Egypt £252pp
Right-click here to download pictures. To help
Right-click here to
Right-click here to
Right-click here to

Figure 8.12 Best practice in countering blocked images from MyTravel

☑ *Renderability*. A horrible word! It refers to the difficulty of displaying the creative as intended within the in-box of different email reading systems. The most common problem here is when email creative is all image-based and so is not displayed by default in the email reader as an anti-SPAM measure. In this case, the email will be meaningless

unless it has a powerful subject line, so the response rate will fall. Instead, best practice is to use the approach shown in Figure 8.12, which uses body copy that is still clear when images are blocked, with hyperlinks highlighting value and encouraging clicks. It also uses alternative text for images (the same 'alt tags' we mentioned for accessible web pages in Chapter 6) to highlight offers and what the email is about. Finally, at the top of the email, there is a link 'Can't see this email? Click here for a web version', which some recipients may prefer. An additional problem is that different email readers display emails slightly differently, so they need to be coded and tested to look their best across different email readers, which are even less standardized than different web browsers!

☑ *Email response decay*. Email recipients are most responsive when they first subscribe to an email. It is difficult to keep them engaged. We discussed this issue and approaches to counter it, such as a defined welcome strategy, in Section 8.2.

☑ *Communications preferences*. Recipients will have different preferences for email offers, content and frequency, all of which affect engagement and response. Some list members will naturally prefer more frequent emails. These can be managed through communications preferences.

☑ *Resource-intensive*. Although email offers great opportunities for targeting, personalization and more frequent communications, additional people and technology resources are required to overcome issues such as testing, deliverability and renderability.

Options for Email Marketing

When developing an email marketing programme, there are several options to be reviewed. Here is our checklist of options for using outbound email marketing as part of e-CRM:

☑ *Conversion email.* Someone visits a web site and expresses interest in a product or service by registering and providing their email address although they do not buy. Automated follow-up emails can be sent out to persuade the recipient to trial the service. For example, betting company William Hill found that automated follow-up emails converted twice as many registrants to place their first bet compared to registrants who did not receive an email.

☑ *Regular e-newsletter type.* Consider options of different frequency such as weekly, monthly or quarterly with different content for different audiences and segments.

☑ *House-list campaign.* These are periodic emails to support different objectives such as encouraging trial of a service or newly launched product, repeat purchases or reactivation of customers who no longer use a service. Although a newsletter is a good place to start with e-CRM, a problem with newsletters is that among the different features, your main message may be diluted, so you need a stand-alone email or 'e-blast' to have maximum impact.

☑ *Event-triggered email sequence.* These tend to be less regular and are sent out as part of an automated touch strategy to assist with customer development.

Think about which approaches you use now and which others you may consider. You can read more about how email is used strategically as part of customer relationship management in *Total E-mail Marketing* (Chaffey, 2006). We reviewed options for using email marketing for acquiring customers and creative best practice in Chapter 7, Section 7.8.

Digital Marketing Insight

Rain triggered emails

In the US, bowling company AMF works with engagement marketing specialist, Silverpop, to take advantage of sudden changes of weather. Live weather feeds are used to trigger emails. So if rain is forecast for the weekend, emails are sent out to opted-in bowlers on AMF's database, offering discounts on and vouchers for the days in question. By making it clear that rain is likely and outdoor activities won't be as much fun, AMF has been able to boost participation and revenue.

Silverpop also works with Air New Zealand, putting live weather feeds into travel confirmation emails. Suggested activities for travellers to undertake once they reach their destination, provided by the airline's partners, are tailored depending on the predicted weather conditions (Gray, 2011).

Managing Incoming Emails

Surprisingly, many major blue-chip companies insult their customers by ignoring or mismanaging their incoming emails – they lose sales, raise anger and damage the brands which they have spent fortunes building. By the end of this sub-section, you will know how to reduce the quantity of incoming emails and reduce the workload of outgoing responses, while growing strong customer relations.

Incoming emails can be sales enquiries, complaints, after-sales service requests and much more. They provide a direct conduit to the marketplace. Having made the effort to create a dialogue, you need to have the systems, procedures and resources in place to manage this communications channel. You must have systems in place that:

1. Receive, sort and route the incoming emails
2. Generate an 'auto-acknowledgement' response (automatic 'message received')

3 Provide a suitable response, regardless of the quantities of incoming emails.

This all sounds very simple, but it demands good planning and foresight. The quantity of incoming emails can be reduced, without jeopardizing the relationship, in the following ways:

1 FAQs allow for many issues to be dealt with without the customer contacting you directly.
2 Search facilities allow for customers to find out more about a topic without having to contact you directly.
3 Linked web sites and other locations can allow customers to research a topic across the web without having to contact you directly. It is worth looking at other web sites and their FAQs.

Even once you have removed many of the most repetitive reasons for email, there will still be some incoming communication that can be dealt with through fairly standard answers. This is where pre-prepared standard template responses (or 'canned messages') come in.

And template responses can be used without human input, thanks to intelligent software that matches words in incoming email to potential responses. So, for example, when the right count of critical words matches a certain topic, a specific relevant standard template response is sent. It can even be personalized. There are arguments for and against this type of response. It would be nice to think that nothing could match the way in which a human responds to another human, but this is not always the case.

When using real customer service or e-CRM staff, you need well-trained, knowledgeable staff who, if they don't know the answer to a question, at least know where to look to find it. There are always some emails that require a human response – so don't ignore human training as well as system design! And if your site has real-time text messaging facilities or live email answers or callback facilities (where the customer requests a telephone

call from the company), remember that these require different skills – email skills and telephone skills.

Staff need to be managed. They need to be set goals for response, set performance standards, to be trained, motivated and monitored. Ignore people management at your peril.

Section Summary 8.7

Incoming emails

Systems help to categorize incoming emails. FAQs reduce the workload. Standard templates reduce workloads. Intelligent systems also use standard templates. Real staff also answer emails. They need to be trained and managed if incoming emails are going to help customer relations to blossom.

8.8 Control issues

In this section, we examine six typical e-CRM control issues that confront marketers regularly:

1. Inexperience
2. Unintegrated systems
3. Information overload
4. High churn rate
5. Spiralling cleaning costs
6. Changing regulations.

By the end of this section, you will know how to begin to deal with them.

1 *Inexperience*. You have to start good management from within, but there is no reason why you can't try to learn some lessons from outside too! Some of these forms of advice come free, others have a fee attached. The best way to learn about the sort of information that is available for those setting up and managing database and e-CRM systems is to visit some of the organizations which offer such services.

2 *Unintegrated systems*. Having systems and sub-systems that don't talk to each other – either online or offline – this is one of the most common challenges, and one that has to be overcome without all the data, on all the systems, having to be recreated! The expensive way to tackle this is to get in new hardware and software and 'recapture' all the data. A better way is to work with a company that has the skills, scope and track record to do the job. There are many companies that offer to integrate your systems.

3 *Information overload*. Information overload means too much data. Even when your databases are integrated, the amount of data can grow too large to manage properly. Again, by using systems or data that have been designed to solve this issue, you can break down seemingly huge tasks into a series of smaller, more manageable tasks. This eases workflow and aids planning. For example, business-to-business company Actel provides its sales account managers with an email every Monday morning, listing prospects or customers to follow up who have engaged with an email the previous week. Even better, the list indicates which products they are interested in through summarizing links clicked or web pages visited. A simpler example is to include a field in the database which shows the date the customer last responded or interacted with an email, so it is possible to see how long ago they were last active.

4 *High churn rate*. Imagine this. Everything, it seems, is working well, but the 'churn rate', or customer defection rate, is high. The result of high churn rate is high recruitment costs (high customer acquisition costs) and high data capture costs, as well as increasing the required rate of cleaning. One solution is to investigate the reasons for the high churn

rate; e.g. are your introductory offers too good to miss, but your subsequent offerings not meeting customer expectations?

5 *Spiralling cleaning costs.* Cleaning costs can escalate. Remember that a dirty database is a bad database. It is essential to maintain the integrity of the database. However, there can be pressure to reduce cleaning costs by either de-duplicating less often, or less thoroughly. While the relentless search for cost savings is constant, cutting costs here could well be your most expensive false economy.

6 *Changing regulations.* Industry rules and regulations keep changing or evolving (e.g. privacy laws) and therefore stop you being as creative as you would like. CRM, and especially the e-CRM industry, can only survive and thrive if it has the confidence of the customers. Every practitioner should strive to protect and enhance that trust in all their dealings. Don't forget to read up on the changing laws and regulations, particularly if you attract international customers.

Digital Marketing Excellence

Richard Beal of Direct Line on a single data view

For over a decade now, Richard Beal (Dempsey, 2000) has maintained that the key to effective control of CRM lies not in trying to enforce one single view of the customer (although Direct Line does have a large database of customer information). He uses a Japanese *kaizen* or continuous improvement approach, but this does not involve one huge team of call-centre agents employing a single approach to callers, but small groups of staff trying out different ways of handling calls.

For Richard Beal, the strategic goal of this CRM project is cross-selling. Direct Line has expanded into home insurance and now offers loans via the Internet. This approach gives it the ability to identify a loan

application that comes from a customer who might also benefit from one of its credit-card schemes. The Chordiant software it uses allows a customer to bounce between web contact and a telephone conversation. Direct Line believes this flexibility is the key to converting queries into sales.

Richard Beal says, 'We have found that people want a hybrid, they will commence an inquiry over the Internet but do not feel comfortable carrying out the whole transaction online.'

Section Summary 8.8

Control issues

Be aware of some of the e-CRM issues that lie ahead of you, including:

1. Inexperience
2. Unintegrated systems
3. Information overload
4. High churn rate
5. Spiralling cleaning costs
6. Changing regulations.

Now is the time to learn more about dealing with them if you are to enjoy excellent customer relations.

8.9 Cleaning the database

The database is arguably a company's greatest asset; yet it can turn into a liability if not maintained properly, since databases start to decay as soon as they have been created (!) as people move house, change job, get sick, die, leave the country, change preferences, etc. By the end of this section, you'll know why and how databases can be maintained.

Your database is an asset. You must maintain its integrity. Like all assets, it needs to be maintained, otherwise it becomes a liability – harassing uninterested people, duplicating emails and snail mails, calling people by the wrong name, contacting people who have 'opted out' or asked not to be interrupted; in a word, making a nuisance of yourself and damaging your brand, not to mention wasting time and money. Horror stories abound.

The excuse that you have an old system – or worse, several old and unintegrated systems, which present too big a task – is a weak, although understandable, excuse. Some organizations manage to put off setting up effective cleaning systems for years by having some sort of committee or group looking into a new super-system, costing the project and then realizing that technological developments have moved ahead.

And all the time, the working group has been costing huge sums of money to operate and very little, if anything, has been invested in keeping the databases in question clean and up to date. This is a very poor, but frequently observed, business practice. You must try to keep cleaning, even while discussions about changes and upgrades continue.

Approaches to Cleaning Databases

There are many methods of keeping databases clean; some are proactive and some are responsive.

Let's start with the minimum requirement – responsiveness. Respond to changes in data. They need to be updated continually. And remember, as

with any communication, online or offline, the recipient should be given the chance to inform you either (a) how their information should be corrected; or (b) if they want to be taken off your database. The web site is an obvious place to achieve this, through a communications preferences or customer profile form, but this facility is only usually offered by e-tailers.

Customers can self-help to clean a database if they are always invited to 'opt out' from future emails. 'Opt-outs' can be managed manually or automatically (by CRM and/or email software). Many countries' laws now insist that individuals should be able to 'opt out' of a list at any time. In the UK, the Email Preference Service (EPS) is available to companies for the sole purpose of removing opt-out email addresses from B2C lists. Organizations with large databases can ensure their database is clean in several ways.

One way to clean your database is by asking customers to keep opting in. Another way is to use suppression files. These are lists of people who have died, moved ('Gone away files') or simply asked to be taken off snail mail, email or telephone lists. Examples are Royal Mail's National Change of Address (NCOA®) Suppress file or the Direct Marketing Association's Mailing Preference Service, Telephone Preference Service and Email Preference Service.

Sometimes, members of your database don't want to opt out, but do want to tell you that they didn't like a specific mail-shot, or that they continue to receive three copies of something from you, or that they do not wish to receive emails about pet insurance, but they do want emails about car insurance, or even more unusual items that you simply cannot imagine. To maintain a good relationship, you must be flexible and allow for a wide-ranging dialogue. This requires good systems and procedures as well as trained customer-service staff.

A free-flowing and flexible dialogue can be encouraged by: freephone numbers, a dedicated web page, a dedicated email address and mail-back/fax-back special request sheets. The aim is to get any unusual request

into the system quickly and accurately, allow someone to have responsibility for checking that it is routed within the organization to the right place/person and to be able to follow up should the database member request it.

Practical Digital Marketing Tip

Using a data bureau

You can use a data bureau to manage the process of matching or appending profile data from different databases or de-duplicating common customer records. They can also correct email addresses and add missing postcodes, for example, and other information through referencing other data sources. Another alternative is to use specialist list-cleaning software such as WinPure (www.winpure.com) in-house, or agencies such as CleverTouch (www.clever-touch.com) (Figure 8.13).

Sometimes it's not enough to listen – you have to go out and ask. Being proactive means you have much better databases because you take responsibility for your data being correct.

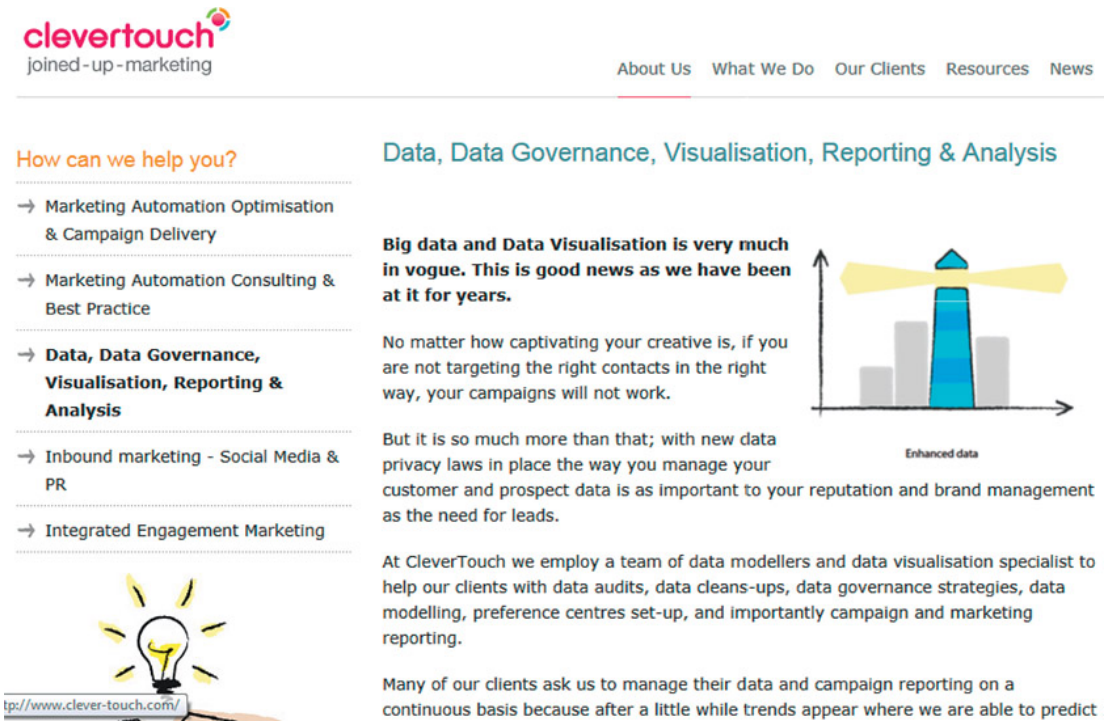
clevertouch
joined-up-marketing
About Us
What We Do
Our Clients
Resources
News
How can we help you?
Marketing Automation Optimisation & Campaign Delivery
Marketing Automation Consulting & Best Practice
Data, Data Governance, Visualisation, Reporting & Analysis
Inbound marketing - Social Media & PR
Integrated Engagement Marketing
Data, Data Governance, Visualisation, Reporting & Analysis
Big data and Data Visualisation is very much in vogue. This is good news as we have been at it for years.
No matter how captivating your creative is, if you are not targeting the right contacts in the right way, your campaigns will not work.
Enhanced data
But it is so much more than that; with new data privacy laws in place the way you manage your customer and prospect data is as important to your reputation and brand management as the need for leads.
At CleverTouch we employ a team of data modellers and data visualisation specialist to help our clients with data audits, data cleans-ups, data governance strategies, data modelling, preference centres set-up, and importantly campaign and marketing reporting.
Many of our clients ask us to manage their data and campaign reporting on a continuous basis because after a little while trends appear where we are able to predict
tp://www.clever-touch.com/

Figure 8.13 The importance of cleaning your data

Source: www.clever-touch.com

So:

1. Regularly contact (by mail or email) inactive database members
2. Regularly scan your records for possible duplication
3. Regularly cross-reference your new records against your old.

As with all business processes, you can do the cleaning yourself in-house, or subcontract, or outsource, the service; i.e. you can buy in the planning and design and then run it yourself. There are many companies that specialize in software that manages customer relationships via mail, email, telephone and sales force. It is worth having a look at some of them.

Section Summary 8.9

Cleaning the database

The database is an asset. It needs to be maintained and cleaned. You can do it yourself in-house or subcontract outside. You can be responsive through customers helping to clean the database and you can be proactive by actively cleaning it yourself. Either way, cleaning is essential if your database is to remain an extremely valuable asset.

8.10 Making it happen

Given the list of failed CRM projects on record, how do you make it happen – how do you establish excellent e-CRM? Many organizations have to start from scratch. By the end of this section, you'll know what's involved when setting up an e-CRM system.

It is quite common for an inter-disciplinary team to be developed to create a database marketing and e-CRM system. They will have to develop project teams made up of the users of the system, analysts to understand their requirements, technical staff to create the system and a project manager with sufficient time to devote to the job.

When choosing a CRM system, you need to consider the current and future scale – how it can now, and in the future, integrate with other systems (like invoicing and debt collection). You also need to consider your budget, which includes the 3Ms – 'Men' (people) who will be involved in data capture, analysis and use; 'Money' – the budget required for software licences plus training and motivation schemes (to ensure staff buy into the new system); and Minutes – time required to specify the brief, source it, test it, modify it, train the team and roll it out.

Systems development should follow a structured approach, going through several stages as shown in Figure 8.14. Note though, that just as for web site

development, prototyping is the most effective approach since it enables the system to be tailored through users' experience of early versions of the system. Beware of 'scope creep' (adding extra requirements to the brief after the brief has been agreed). Ultimately, CRM is an attitude as much as a system. Success depends on a customer culture where all staff always ask, 'How can we help the customer?'

There are several approaches. The Gartner Group (Thompson, 2010) suggests a three-step process to create a CRM strategy:

1. *Set the destination.* Managers are urged to examine the various definitions of CRM, creating their own to gain buy-in and cohesiveness from those involved in the initiative. A vision for CRM that identifies why the organization wants the initiative and that defines its desired results should be established immediately. Teams that drive the initiative should be composed of three key roles: a sponsor, facilitator and project/programme manager.
2. *Audit the current situation.* Beginning with a full assessment of past CRM initiatives, participants should be asked what they thought needed to be changed in order to understand what did/did not work. The report also states that 'assumptions, business case, and goals of past projects remain valid, even if the execution was not as successful as hoped'. Readers are also warned to beware shortcuts in information gathering: 'Seek information from external sources first, and weight customer and consumer feedback highest.'
3. *Map the journey.* Identify the steps to achieve the vision. Core value propositions for customers and motivating factors for customer loyalty should be classified. The company should be revalued on the potential of its customer base rather than on current revenue or profits.

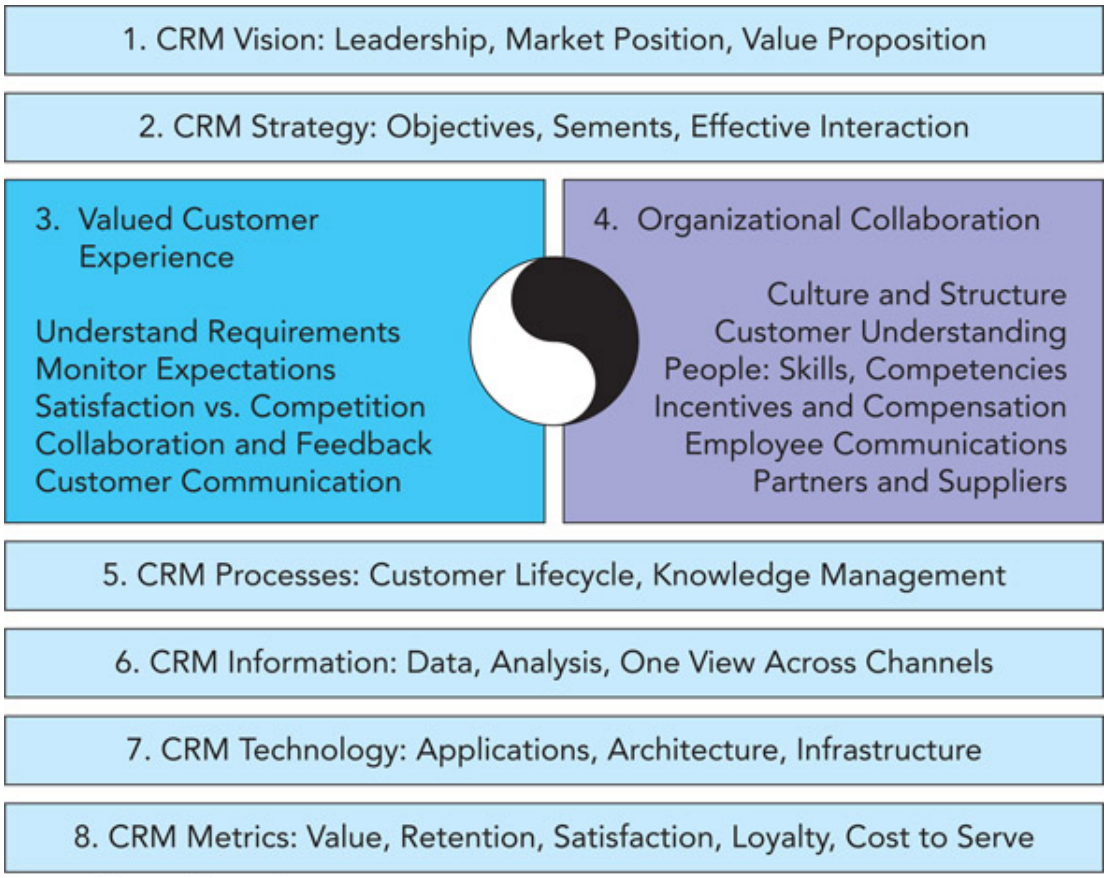
1. CRM Vision: Leadership, Market Position, Value Proposition
2. CRM Strategy: Objectives, Sements, Effective Interaction
3. Valued Customer Experience
Understand Requirements
Monitor Expectations
Satisfaction vs. Competition
Collaboration and Feedback
Customer Communication
4. Organizational Collaboration
Culture and Structure
Customer Understanding
People: Skills, Competencies
Incentives and Compensation
Employee Communications
Partners and Suppliers
5. CRM Processes: Customer Lifecycle, Knowledge Management
6. CRM Information: Data, Analysis, One View Across Channels
7. CRM Technology: Applications, Architecture, Infrastructure
8. CRM Metrics: Value, Retention, Satisfaction, Loyalty, Cost to Serve
Source: Gartner Research

Figure 8.14 The eight building blocks of CRM

Source: Adapted from Radcliffe *et al.* (2001)

> Processes and systems that can be altered rapidly and dynamically as individual customers move among segments should be built. Three to five top-line objectives for CRM initiatives should be established – more than five is considered unnecessary. The initiative should be communicated daily to sponsors and executives.

Some years previously Gartner unveiled the 'Eight Building Blocks of CRM' (Radcliffe *et al.*, 2001; Figure 8.14). This still provides a useful template for teams to explore on their quest for CRM excellence. This framework was designed to help enterprises see the big picture, make their business cases and plan their implementations. The framework can be used for internal education, and to foster debate about the development of a CRM vision and strategy.

Marketers need to improve their skill sets. We need to get better at speaking the language of IT and develop a greater understanding of how technology can translate into improved customer knowledge and ultimately an 'improved customer experience'. As Hooly Wright (2007) says, 'IT people use scary language, and marketers step back from it'. But if marketers constantly brought conversations back to the benefits for the customer, that would help build a common language around the customer and put technology back in its place.

As they say: 'Front end is fun. Back end is business.' Marketers are reasonably good at developing web sites (front end), but we have to become experts with the database and the e-CRM systems (back end) required to build continual success.

Managing the Database

The database is the core of the CRM system. The database administrator/manager (DBA) has many responsibilities here:

1. *Database design* – ensuring the design is effective in allowing customer data to be accessed rapidly and queries performed.
2. *Data quality* – ensuring data is accurate, relevant and timely.
3. *Data security* – ensuring data cannot be compromised by attacks from inside or outside the organization.
4. *Data back-up and recovery* – ensuring that data can be restored if there are system failures or attacks.
5. *User coordination* – this involves specifying who has access to the information retrieval and who has access to information input. Too many uncontrolled inputs mean files get changed and deleted by too many different people. The database spins out of control.
6. *Performance monitoring* – checking the system is coping with the demand placed on it by users.

There's one more part of the DBA's job – to communicate with clarity to the rest of the organization the advantages of database marketing.

Costs and Timescales

Projects range from several hundred thousand customer records to several million (or in some cases, 40 million records). A data integration, data-mining campaign optimization and a full direct marketing suite from companies like SAS range from £500,000 to £5 million, with social media customer link analysis starting at around £250,000. (Note that Gartner (2010) reported that average US$100 million CRM projects are coming back again in the United States after having 'dried up'.)

When it comes to the crunch question of 'How much does it all cost?', there are many variables to consider:

1. The set-up costs of the system
2. The type of system
3. The scope of the system
4. The size of the system
5. The choice made about the database management system (DBMS)
6. The maintenance programme
7. The use you make of it!
8. Where your physical database management system is geographically located.

It's a complex job, but once all these variables are taken into consideration, a task breakdown can be performed and analysis, design, set-up, maintenance and running schedule of costs can be calculated.

What's missing? Staff – customer-service staff. They are a key component, particularly when handling wide-ranging, non-standard requests or

complaints. Here's a crucial question. How many customer-service staff should you employ?

Some organizations employ thousands of CRM staff. Some are also shifting staff from telephone service to social media service – using Facebook, in particular, to reduce response times, increase customer satisfaction and cut costs.

The other key question is 'How long does it take to set up an e-CRM system?' The variables are similar to cost:

1. Time allowed for investigative stage
2. Time allowed for design
3. Time for writing programmes
4. Time for data capture/reassessment/input
5. Time for trials, piloting, testing and de-bugging.

Then decide how good your commitment to CRM is by using the Customer Sensitivity Quotient (Table 8.3):

Table 8.3 Customer Sensitivity Quotient

Are your customers getting the service they deserve? Answer the following questions 'yes' or 'no' to find out how your organization is doing.	
1	Do you know what percentage of customers you keep each year?
2	Do you know what percentage of customers you lose each year?
3	Do you know the top three reasons your customers leave?
4	Do you know your customers' number one service expectation?
5	In the past three months, have you personally contacted ten former customers to find out why they left?
6	Do you (and everyone else in your company) understand the lifetime value of a customer?

Are your customers getting the service they deserve? Answer the following questions 'yes' or 'no' to find out how your organization is doing.	
7	Do you have written customer service quality standards (that your people helped you develop, so they own them)?
8	Do you articulate your quality standards in understandable and measurable terms?
9	In the past six months, have you checked to see if any of your customers' expectations have changed?
10	Do you know how many members of your staff serve internal versus external customers?
11	A re your customer service performance standards tied to any incentives?
12	Is everyone in your company required to take a minimum number of hours of customer care training programmes each year?
If you scored …	You are …
12	A CSQ legend!
10–11	A CSQ star!
7–9	Jo(e) Average
4–6	A benchwarmer
Below 4	In the penalty box

Section Summary 8.10

Making it happen

An effective CRM programme needs a strong project manager who can unite the business and technical team members. A defined database administrator is also required who will champion the system and own it to ensure appropriate data quality, security and performance. Planning using the systems development lifecycle provides a framework for costing, scheduling and monitoring the project. Remember also that CRM programmes should never end; they evolve.

Chapter Summary

1. *E-CRM* operates in an environment where customers demand quality services from organizations. Since it is technology-based, it can be used to increase the speed, frequency and relevance of interactions, while remembering that human contact is the best for some situations.
2. *Relationship marketing* involves a long-term rather than transactional approach to customers. It is based on building up permission and trust, listening and then responding to customers.
3. *Database marketing* is key to e-CRM since the database can be used to understand customer needs through profiling and data mining, to segment customers and manage integrated marketing and direct marketing campaigns.
4. *E-CRM* provides DRAMA – Dialogue, Relevancy, Accuracy, Magic and Access – to marketing communications. A good approach to the CRM cycle is attract, capture data, get closer, embrace and attach golden handcuffs.
5. *Profiling* helps to identify groups of customers and rank them according to their importance to the company. Appropriate communications and offers can then be developed for these groups with the aim of building long-term relationships with them.
6. *Personalization* refers to tailoring of a range of communications from emails to web sites. These can be individual (one-to-one) or tailored to segments (mass customization). Personalization can occur due to user

selection (customization), marketing rules (individualization) and group characterization such as collaborative filtering.

7. If *incoming emails* are mismanaged, this can destroy customer relationships. Procedures must be put in place to sort and route the incoming emails, notify receipt and provide a suitable response. Contact strategies such as FAQs and using the phone where appropriate can minimize the volume of emails and maximize the clear-up rate.
8. *Control* is necessary to avoid e-CRM problems caused by inexperience, unintegrated systems, information overload, high churn rate, spiralling cleaning costs and changing regulations.
9. *Cleaning the database* is important to minimize marketing costs and improve relationships. Approaches are responsive where customer requests are implemented rapidly and proactive where regular planned cleaning occurs.
10. An *effective CRM programme* needs a strong project manager to achieve staff involvement across the business and ensure that the implementation is well planned, so it is delivered on time. A good-quality database administrator is important to champion the system and to deliver data quality, security and performance.

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Web links

ClickZ (www.clickz.com/experts). Email channels. ClickZ has expert articles within its channels on deliverability, email optimization and creative.

CustomerThink (www.customerthink.com). Forum, plus blog advice.

Database Marketing Institute (www.dbmarketing.com). Great practical guidelines and presentations on traditional database marketing and online marketing using email and web personalization.

DMA Email Marketing Council Blog (www.dmaemailblog.com). UK advice from the Direct Marketing Association.

E-Loyalty (www.mycustomer.com). An introduction to achieving online loyalty by Ellen Reid-Smith.

Email Experience Council (www.emailexperience.org). A US organization with compilations of practical tips on email marketing.

Email Marketing Best Practice (www.smartinsights.com/email-marketing). Advice on best practice.

Email Marketing Reports (www.email-marketing-reports.com). Articles and reviews on email solutions.

Email Marketing Tools (http://bit.ly/smartesps). A compilation of tools for managing email broadcast and deliverability.

JimNovo.com (www.jimnovo.com). Specializing in online CRM, Jim's site has many practical insights about analyzing and following up according to online purchase behaviour, including the excellent *Drilling Down* guide.

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Net Promoter Score Blog (http://netpromoter.typepad.com/fred_reichheld). Blog on achieving advocacy by Fred Reicheld and other specialists such as Paul Marsden.

Peppers and Rogers One to One Marketing (www.1to1.com). Contains interesting articles, case studies and supplier guides.

Self-test

How do database marketing, relationship building, direct marketing and CRM relate to each other?

Describe different staged approaches to relationship building.

Explain the concept of data mining.

How do we use DRAMA to keep customer relationships alive?

How, when and why should profiling occur for an organization you are familiar with.

Summarize the benefits and disadvantages of personalization.

Describe the management issues of incoming emails.

Explain these six typical issues of e-CRM control that confront marketers regularly: inexperience, unintegrated systems, information overload, high churn rate, spiralling cleaning costs and changing regulations.

Describe approaches to database cleaning.

Produce an outline list of the main activities that need to occur for e-CRM implementation and maintenance.

Chapter 9
Managing digital marketing

> Digital marketers need to make the business case to convince those who control the budgets that we require to implement our digital plans. Otherwise change won't be fast enough and the effectiveness of our marketing activity is likely to decline as consumers or business customers switch to new platforms; we risk 'missing the boat'.
>
> *Mike Berry (Berry and Chaffey, 2016)*

Overview

Digital technologies and platforms are still relatively new compared to traditional communications. The options available evolve rapidly. This gives great opportunities to companies which are able to adapt to exploit these changes. Indeed in many sectors new business models have been a force for *digital disruption* – think Amazon in retail, Expedia in Travel, Uber for Taxis and Graze for, well human grazing. For most companies, though, there are major challenges with managing digital innovation – how to change their business model where relevant and integrate digital marketing with other marketing activities through adapting existing organizational culture, structure and resourcing, both internal and external. To make the change needed many companies are following digital marketing transformation programmes.

Overall Learning Outcome

By the end of this chapter, you will be able to:

- Understand key issues for managing digital marketing
- Be able to review the current digital marketing capabilities of an organization
- Prepare a business case and budget for investment in digital marketing
- Take actions to manage issues such as change management, resourcing, data quality and security.

	CHAPTER TOPIC	LEARNING OBJECTIVE
9.1	Introduction	Understand the importance of processes to review the opportunities from digital technology and adapt to integrate them into the organization
9.2	Transformation to digital business	Assess the context of digital marketing activities within wider changes to use of digital technology within organizations
9.3	Creating the social business through implementing social CRM	Evaluate the impact of social media marketing on internal company activities
9.4	The endless journey – reviewing digital marketing capabilities	Review digital marketing capabilities using a range of different criteria
9.5	Budgeting for digital marketing	Understand approaches to setting appropriate budgets for digital marketing
9.6	Making the business case for digital media and technology investment	Review methods of convincing others why investment in digital media is required
9.7	Selecting the right suppliers for digital marketing	Assess alternatives including traditional, general and specialist digital agencies

	CHAPTER TOPIC	LEARNING OBJECTIVE
9.8	Change management for digital transformation	Review success factors for changes needed for effective digital marketing, including internal resourcing, structure and leadership
9.9	Measuring and optimizing digital marketing with digital analytics	Understand approaches such as A/B and multivariate testing and how to manage them
9.10	Automation	Review opportunities for cost-effective deployment of automated digital marketing techniques
9.11	Implementing new systems	Understand approaches for managing projects to develop and implement systems that meet project success criteria
9.12	Managing data quality	Define methods to assess and improve data quality within an organization
9.13	Digital business security	Deploy techniques and tools to minimize the impact of security threats

9.1 Introduction

When the applications of the Internet for marketing were first explored in the 1990s, some advocates urged adoption of Internet marketing since it was 'quick, cheap and easy'. Maybe this was true at the time, in a relative sense; it was possible to get an edge over slower-moving competitors.

Today, few would argue that digital marketing is quick, cheap or easy since the popularity of digital technologies with consumers and businesses has made it such a popular medium which is highly competitive.

To be involved in digital marketing is certainly interesting since there are constant changes in features and functionality from all the major platforms such as Facebook, Google+ and Twitter. New platforms are rapidly adopted; for example, Foursquare, Instagram and Pinterest have all become popular since the emergence of the first social networks. The growth of mobile Internet usage through smartphones and tablets has further changed our options for marketing. We also have new options to optimize investments in familiar existing channels; for example, testing and improving the effectiveness of media like paid search or display, or conversion rate optimization of our web site.

These changes to platforms make digital marketing challenging to manage, since we have to constantly assess our digital marketing activity on new and existing platforms. When we decide, as marketers, we want to invest in technology, this is also challenging since we will probably have to persuade colleagues that the investment is worthwhile, source the right skills or agencies and suggest changes to ways of working. Organizational change is challenging, whatever the reason.

This chapter explores these challenges and changes involved in managing digital marketing. We will start by reviewing the moves to digital business and social business that are needed to transform organizations to enable them to make wider use of digital and social technologies. For many, these are uncharted waters, so we need to explore the best approaches and convince others to invest in our exploration.

Section Summary 9.1

Introduction

Managing digital marketing requires a constant review of new digital marketing opportunities. A major transformation to digital business and social business in organizations is needed to fully implement these new capabilities.

9.2 Transformation to digital business

Commentators and companies offering services to help businesses navigate the new world of digital technology and media have always used labels to describe the new opportunities and approaches needed to manage them. These labels are useful since they can describe the scale of change needed and the ultimate goal, where digital technology is seamlessly integrated into all marketing and business activities.

E-business was one of the terms initially used to describe the use of digital technology to support processes throughout a business.

Here is IBM's definition from way back in 1997 when they originated the term on their web site, e-business (e' biz' nis): 'The transformation of key business processes through the use of Internet technologies' (IBM, no date a).

We still occasionally hear this term today, but more likely it is 'digital business' since this more modern term better shows the range of digital media, technology and data that support transformation; indeed, many people work as digital business or e-commerce managers, endeavouring to build new ways of working through technology.

Digital business describes how technology can transform key business processes out of the old *value chain* and into new, dynamic, *value networks as part of digital disruption.* This involves integration, automation and extension of processes both inside and outside a company. This usually

means letting go – handing over information and empowerment to employees, strategic partners, customers, distributors and other stakeholders.

The old value chain started with the purchasing of raw materials and then moved to the production of goods and services, their distribution, marketing, sales and after-sales service. The new *value networks* reshuffle the sequence so that customers, distributors and partners are more involved as the business integrates into a flexible, faster-moving, customer-driven extended network of online partners.

Creating a digital business still offers a golden opportunity to analyze and improve your whole business – its operations, processes and procedures as well as strategic partners – a fresh opportunity to re-engineer a company.

Research by Smart Insights (Chaffey, 2016) investigated the challenges of managing digital marketing. It was found that many businesses face challenges in these areas:

- *Planning*. Nearly half (47 per cent) of businesses surveyed do not have a defined digital plan or strategy, although they are active in digital marketing while nearly half (44 per cent) also don't have a defined marketing plan in the business to align strategy against.
- *Organisational capabilities*. Thirty-seven per cent of businesses have a well-defined peformance improvement process with 40 per cent having adapted their structure.
- *Integration of digital channels into marketing*. Less than one fifth of companies (17 per cent) were happy with their level of integration of digital marketing and traditional communications. The main barriers to integration are:

    i. Lack of integrated strategy and plans (28 per cent)
    ii. Teams structured in silos (21 per cent)
    iii. Lack of skills in integrated communications (17 per cent).

- *Digital transformation.* Thirty-two per cent are active with digital transformation programmes.

Given the future importance of digital marketing, larger organizations have introduced *digital transformation* programmes to help manage these challenges. The approach has been discussed by many management consulting groups, for example MIT Center for Digital Business and Capgemini Consulting (2011) and Altimeter (Solis, 2014) which summarized the success factors and challenges of digital transformation in Figure 9.1.

Perhaps one of the greatest impacts of the Internet is that it has forced many businesses to rethink all of their 'cherished perceptions and ideas'. Building a digital business helps managers to adopt what the Zen Buddhists call 'the beginner's mind'.

Having said that, the term 'digital business' probably won't exist in a few years, as most businesses will be using 'digital business' as part of their normal procedures! But reviewing business processes and re-engineering of companies will continue long after digital business has integrated itself into the business architecture.

So what is digital business? Let's keep it simple. Let's ignore legal departments, accounting, HR and IT departments and assume that they have to be integrated into any business system. So, let's just break up the business into those aspects that perform buy-side, in-side and sell-side processes (Figure 9.2). This identifies three key areas in which to achieve digital business performance. There are other approaches to this. But for now, let's just stick with this simple model.

So how does e-commerce relate to digital business? Are they similar? Certainly, but generally speaking, the e-commerce team in a business tends to focus more on the sell-side, but it's really a matter of interpretation in each company.

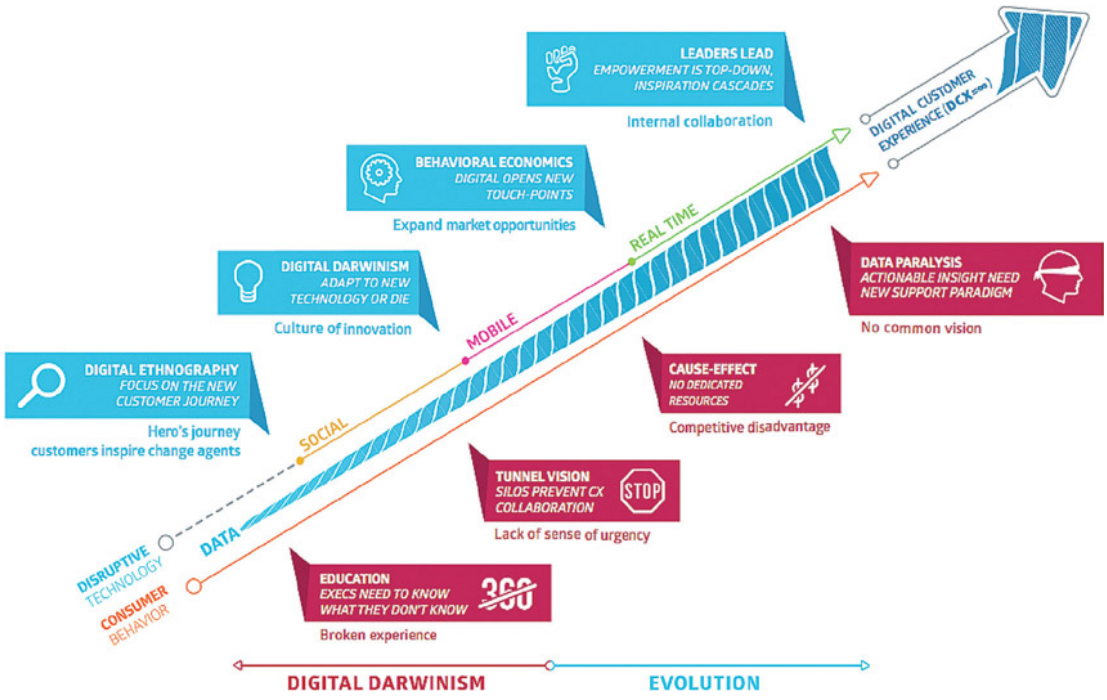


Figure 9.1 Digital transformation success factors

Source: Altimeter (Solis, 2014)

Electronic commerce (e-commerce) is often thought simply to refer to buying and selling using the Internet; people immediately think of consumer retail purchases from companies such as Amazon. But e-commerce involves more than electronically mediated *financial* transactions between organizations and customers. E-commerce can be considered as *all* electronically mediated transactions between an organization and any third party it deals with. By this definition, non-financial transactions such as customer requests for further information would also be considered to be part of e-commerce.

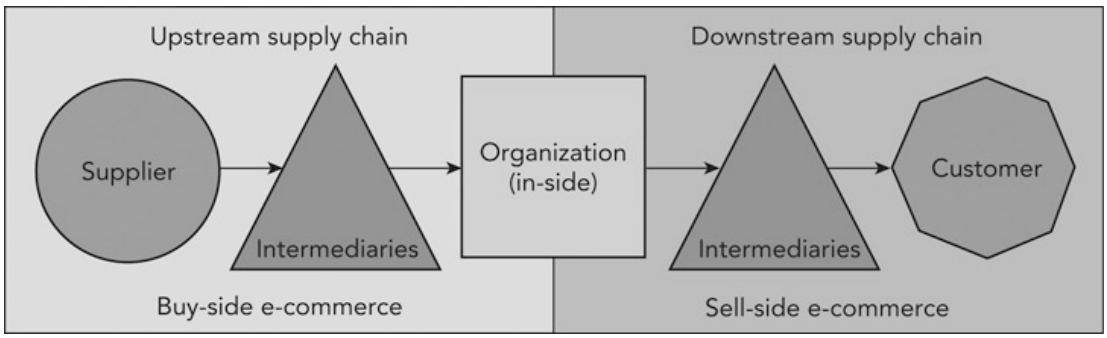


Figure 9.2 A simple framework for digital business

Kalakota and Whinston (1997) referred to a range of different perspectives for e-commerce which remain valid today:

1. *A communications perspective* – the delivery of information, products or services or payment by electronic means.
2. *A business process perspective* – the application of technology towards the automation of business transactions and workflows.
3. *A service perspective* – enabling cost cutting at the same time as increasing the speed and quality of service delivery.
4. *An online (transaction) perspective* – the buying and selling of products and information online.

Buy-Side Digital Business

The buy-side is B2B – buying raw materials and/or services. It can include procurement, inbound logistics, and warehousing. Here, the business's *extranet* is used to open up certain aspects of the business (applications and data) to an exclusive audience of carefully selected suppliers to allow:

- Faster and easier trade with suppliers, manufacturers and/or distributors
- Collaboration with suppliers, manufacturers and/or distributors so that they move from 'independence to interdependence', sharing data to improve operational efficiency and ultimately customer satisfaction.

Reduced working capital is achieved as efficient systems allow 'just-in-time' deliveries, thereby avoiding having vast quantities of cash tied up in stock (working capital). This is an 'extended enterprise' where partner suppliers and distributors work much more closely together. Supply-chain management applications are commonly used.

In-Side Digital Business

The in-side is sometimes known as B2E – business to employee – involving internal processes and communications. This could be manufacturing, management or operations. Here the *intranet* empowers employees by opening up access to key information and applications. Any of these internal processes can be outsourced. Excellent B2E systems are vital if a small core internal team is going to run a tight ship. From a marketing point of view, intranets or collaboration tools like Yammer, Slack or Basecamp to share knowledge and respond to customer concerns have been a great innovation.

Sell-Side Digital Business

The sell-side involves processes and applications that help you to sell to and service customers, whether directly or indirectly through intermediaries. CRM applications and selling-chain management applications are commonly used. Here the *extranet* or *Virtual Private Network (VPN)* provides exclusive use to strategic intermediary partners such as distributors and also to key account or registered customers. Extranets can be used to:

- Sell to customers directly and indirectly through intermediaries
- Move from online occasional sales to lifetime loyalty relationships
- Serve and manage customer relations better.
- Speak to them individually and tailor one-to-one offerings drawn from the database.

There are also many applications:

- CRM and social CRM
- ERP (enterprise resource planning)
- Supply-chain management
- Selling-chain management

- Operating resource management
- Enterprise application integration (EAI)
- Business analytics
- Knowledge management
- Decision support applications.

Remember that isolated, stand-alone applications will soon be history as they are replaced by the Software-as-a-Service (Saas) applications introduced in Chapter 8. For new digital businesses, options for *business models* and *revenue models* will also have to be reviewed. Some of the options for business models are shown in the Digital Marketing Insight box 'Paul Timmers on business models', below. *Revenue models* specifically describe different techniques for generation of income.

Digital Marketing Insight

Paul Timmers on business models

Almost 15 years ago, Timmers (1999) identified no less than 11 different types of business model that can be facilitated by the web. These still remain the core business models, although variants have been created.

1. *E-shop* – marketing and selling products via an Ecommerce site.
2. *E-procurement* – electronic tendering and procurement of goods and services.
3. *E-malls* – a collection of e-shops such as the now defunct Barclay Square. This model didn't prove sustainable. The nearest equivalent is price comparison sites which link through to retailers using an affiliate model (see Chapter 7, Section 7.7).
4. *E-auctions* – these can be for B2C – e.g. eBbay (www.ebay.com); or B2B – e.g. Alibaba (www.alibaba.com).

5 *Virtual communities* – these can be B2C or B2B communities such as the social networks or independent company communities like the American Express OPEN Forum (see Chapter 5, Section 5.7).
6 *Collaboration platforms* – these enable collaboration between businesses or individuals; e.g. Yammer (www.yammer.com) or Slack (www.slack.com).
7 *Third-party marketplaces* – marketplaces such as EC21 (www.ec21.com).
8 *Value-chain integrators* – offer a range of services across the value chain.
9 *Value-chain service providers* – specialize in providing functions for a specific part of the value chain, such as the logistics company UPS (www.ups.com).
10 *Information brokerage* – providing information for consumers and businesses, often to assist in making the buying decision or for business operations or leisure (affiliates are also involved here).
11 *Trust and other services* – an example is TRUSTe (www.truste.org), which authenticates the quality of service provided by companies trading on the web.

Section Summary 9.2

Transformation to digital business

Digital business gives a broader perspective on digital marketing; it involves managing the application of digital technologies on the buy-side, in-side and sell-side. Digital transformation of processes and new business and revenue models are explored as part of this.

9.3 Creating the social business through implementing social CRM

In Chapter 5, we saw how there is a diverse range of goals of applying social media, with many companies looking to use social media to reach new prospects through the amplification effect of sharing. See Chapter 3, Section 3.10 for social business models and the Ladder of Engagement.

Since success in social media requires involvement of departments and functions across the business, social media can't just be owned through marketing, PR or IT, it has to be a collaborative, shared ownership.

We think it's interesting that IBM, which coined the term 'e-business', today promotes the use of 'social business' which they describe in terms of the power of internal and external connections.

> ***Social business is the next step in the overall evolution of business. As our global network of people becomes more instrumented, interconnected and intelligent, dramatic shifts are taking place. The ways in which people interact, relationships form, decisions are made, work is accomplished and goods are purchased are fundamentally changing. Consumers now wield unprecedented power over how brands are perceived and purchases are made. Crowdsourcing is changing industry landscapes by levelling the intelligence playing field at an extraordinary rate. In addition, employees are demanding social tools in the workplace, and are actively sidestepping established hierarchies and IT processes to use them. As a result, the world finds itself at a transformative point with regard to how business is done. We believe it is the dawn of a new era – the era of the social business.***
>
> ***(IBM, no date b)***

Other key IT service vendors, such as Salesforce and Oracle use a similar term to describe their services today, although the term doesn't fit so well in some countries where 'social business' describes an ethical business contributing to the community.

A social CRM strategy can be developed by reviewing and prioritizing options in each of the six business applications below.

1. *Marketing.* Monitoring, analysis of and response to customer conversations through social listening tools. We think the Altimeter report misses a discussion on integration of social marketing into other campaign tactics like email marketing.
2. *Sales.* Understanding where prospects are discussing selection of products and services offered by you and competitors and determining the best way to get involved in the conversation to influence sales and generate leads. Within B2B, LinkedIn is an obvious location that should be monitored.
3. *Service and support.* Customer self-help through forums provided by your own site and neutral sites.
4. *Innovation.* Using conversations to foster new product development or enhance online offerings is one of the most exciting forms of social CRM.
5. *Collaboration.* This is digital business collaboration within an organization through an intranet and other software tools to encourage all forms of collaboration which support business processes.
6. *Customer experience.* This references the use of social CRM to enhance the customer experience and add value to a brand, which is implied by many of the other aspects above. The Altimeter report gives the examples of using VIP programmes, offering collaboration between customers with shared characteristics to add value and create advocacy.

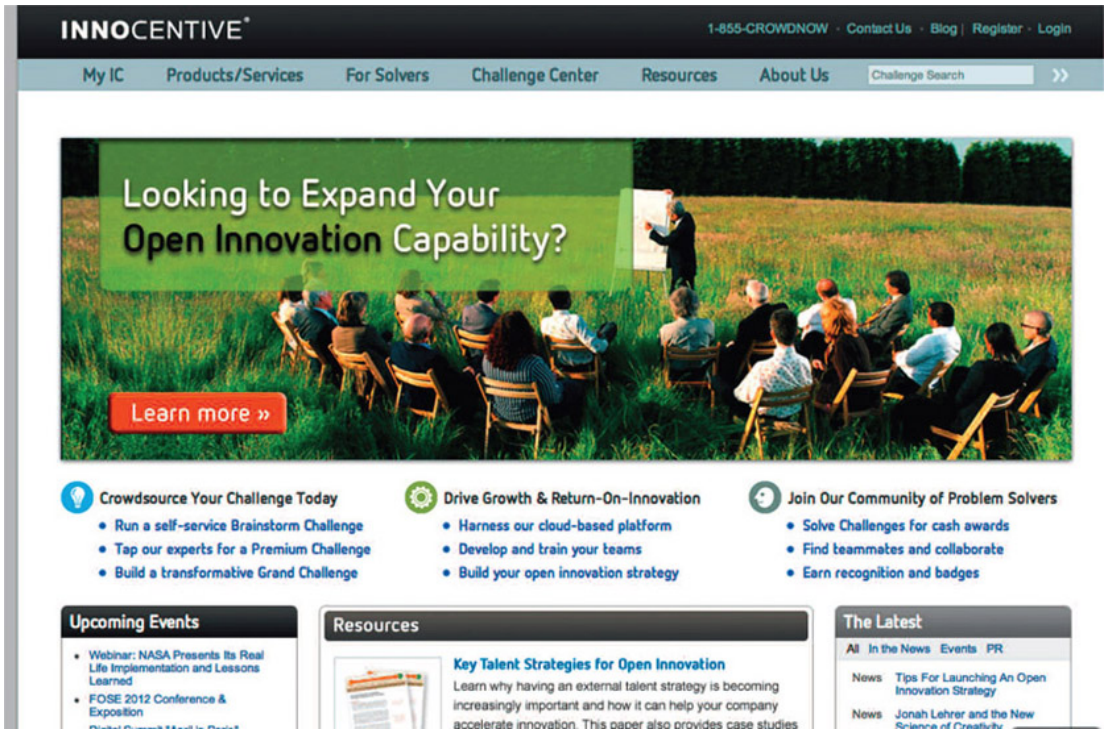
In the social business, organizations create online communities (both internal and external), social networks and collaborative groups. Research reveals that more and more companies are using the extranet's collaborative facilities to engage customers in new product development and collaborative self-servicing (through shared servicing solutions like Get Satisfaction (www.getsatisfaction.com)). There is also proactive social listening to 'reach out' to customers airing their own grievances. Dell estimates that 80 per cent of its Twitter service consists of finding customers who are registering dissatisfaction through tweeting.

Today, many organizations use collaborative product development tools, such as initiating discussions in blogs to test ideas, or virtual development tools involving customers in the use of collaborative design tools (allowing external designers and engineers to collaborate, using a company's exclusive development software), or testing how well products sell within virtual worlds.

Many organizations (two-thirds in a survey by McKinsey, 2007) use online tools to involve their customers in product development. Each industry sector is different; e.g. both financial services and manufacturing, for example, focus on testing concepts and screening ideas, while those in high tech focus on generating new ideas (McKinsey, 2007).

Crowdsourcing, or more formally *'open innovation'*, facilitates access to a marketplace of ideas from customers, partners or inventors for organizations looking to solve specific problems. LEGO is well known for involving customers in discussion of new product developments. See 'Social business models and the Ladder of Engagement' (Chapter 3, Section 3.10).

InnoCentive (Figure 9.3) is one of the largest commercial examples of crowdsourcing. It is an online marketplace which connects and manages the relationship between 'seekers' and 'solvers'. Seekers are the companies conducting research and development that are looking for new solutions to their business challenges and opportunities. Solvers are the hundreds of thousands of registered members of InnoCentive who can win cash prizes ranging from US$5,000 to US$1 million for solving problems in a variety of domains including business and technology.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Looking to Expand Your Open Innovation Capability?
Learn more »
Crowdsource Your Challenge Today
Run a self-service Brainstorm Challenge
Tap our experts for a Premium Challenge
Build a transformative Grand Challenge
Drive Growth & Return-On-Innovation
Harness our cloud-based platform
Develop and train your teams
Build your open innovation strategy
Join Our Community of Problem Solvers
Solve Challenges for cash awards
Find teammates and collaborate
Earn recognition and badges
Upcoming Events
Webinar: NASA Presents Its Real Life Implementation and Lessons Learned
FOSE 2012 Conference & Exposition
Resources
Key Talent Strategies for Open Innovation
Learn why having an external talent strategy is becoming increasingly important and how it can help your company
The Latest
All In the News Events PR
News Tips For Launching An Open Innovation Strategy
News Jonah Lehrer and the New

Figure 9.3 InnoCentive

Source: www.innocentive.com

The social business is not just about having a new dialogue between the brand and the customer, but having a 'trialogue' where customers talk to each other and the brand can then be a small part of billions of conversations. Customers want to talk to each other, to participate and create, and to hear what other customers have to say. Witness book reviews, uploading photos in Pinterest (http://pinterest.com) or Flickr (www.flickr.com), writing comments on people's walls in Facebook, reading blogs, posting comments, and on it goes.

'This is the point where user generated content meets brands – an area fraught with difficulty for the unwary and rich with opportunity for the creative' (Walmsley, 2007).

The extranet helps to integrate suppliers, distributors and stakeholders efficiently into the value network. An organization's intranet has huge potential to increase operational efficiencies and boost teamwork. However,

if it isn't sold properly to senior management, and consequently senior managers don't engage, then mismanagement is almost inevitable. Well-managed intranets deliver time – the most limited of all three key resources (the 3Ms – Men (and women), Money and Minutes/time).

Intranets help staff to carry out basic tasks such as finding product information, finding experts, locating forms and processes. However, this requires constant care and attention. Your intranet is not a massive 'rough-and-ready' library where stuff gets stored. Caution is urged when considering using wikis for internal document storage as, without very careful management, they can grow to become a heaving mass of unedited and only partially organized information.

Gerry McGovern says:

> ***Your intranet can be a goldmine, so don't sell it like a coalmine. The gold-dust of the intranet is productivity. A great intranet will save time whenever a staff member carries out a common task. These time savings will lead to greater operational efficiency and a more competitive organization (saving five minutes here and two minutes there).***
>
> ***(McGovern, 2007)***

The benefits of applying a tool like Yammer or Slack, a tool that is now much more popular, can be summarized as:

- Increased informal knowledge flow across the organization through microblogging
- Overcoming barriers to collaboration, providing instant connection for people, teams, informal networks, communities of practice and other shared interest groups
- Improved alignment between executives and employees by use of broadcast message to communicate messages and quickly crowdsource to get ideas, suggestions and answers to questions
- Helped to stimulate greater sharing and discussion among common role groups; e.g. developers, architects and testers.

Digital Marketing Insight

Facebook encourages businesses to be social by design

The three elements of social design

According to Facebook, 'social design' defines how we understand ourselves and each other and can be broken down into three core elements: *community, conversation* and *identity.*

- Community refers to the people we know and trust and who help us make decisions. Facebook profile data can be used to personalize the user experience in your app so that it feels familiar, relevant and trusted by default.
- Conversation refers to the various interactions we have with our communities. Build tools and experiences that give people the power to connect and share, allowing them to effectively listen and learn from each other.
- Identity refers to our own sense of self and how we are seen by our communities. Users share and interact with others because self[-]expression feels good and rewarding. Help them learn more about themselves and curate their identity.

(Facebook, 2012a)

In Facebook's IPO filing, there is a lengthy, impassioned letter from CEO and founder Mark Zuckerberg. It explains how Facebook sees the future of social business on their platform:

> ***We think a more open and connected world will help create a stronger economy with more authentic businesses that build better products and services.***

As people share more, they have access to more opinions from the people they trust about the products and services they use. This makes it easier to discover the best products and improve the quality and efficiency of their lives.

One result of making it easier to find better products is that businesses will be rewarded for building better products – ones that are personalized and designed around people. We have found that products that are 'social by design' tend to be more engaging than their traditional counterparts, and we look forward to seeing more of the world's products move in this direction.

Our developer platform has already enabled hundreds of thousands of businesses to build higher-quality and more social products. We have seen disruptive new approaches in industries like games, music and news, and we expect to see similar disruption in more industries by new approaches that are social by design.

(Facebook, 2012b)

Section Summary 9.3

Creating the social business through implementing social CRM

The social business involves enhanced communication both internally and externally to gather and respond to feedback and share ideas. It involves providing rapid feedback to customer service requests and using crowdsourcing, where customers can help to shape and promote new products and services.

9.4 The endless journey – reviewing digital marketing capabilities

Like a web site (which is a small part of the digital business or social business), the transformation to digital business is a journey, not a destination. The aim is to enhance the brand by helping customers, followed

by suppliers, partners and distributors. Combine this with a drive for continual improvement and you can see why it's an ongoing journey.

Evolutionary Stages in the Development of Digital Marketing

This journey takes most organizations through several evolutionary stages. Most organizations' web sites evolve from the early-stage, one-way communications sites sometimes called brochureware (listing products and prices), to two-way sites that can interact with customers via making sales transactions and having two-way communications whether sales, emails, discussions or automated interactions.

Today, we add in social or collaborative facilities and it becomes a lot more interesting. As shown in Chapter 5, we need to use APIs and plug-ins to integrate our web site with relevant social networks to encourage sharing and discussion related to a brand. As Mark Zuckerberg of Facebook has said (Facebook, 2012b), we need to be 'Social by Design'. There may then be further evolution into a digital business system with the web site often at the hub of all processes.

A five-year analysis of leading consumer web sites supported the notion that web sites are making the transition from a mere spoke in the marketing wheel to the hub itself (Flores and Eltvedt, 2005).

Web sites are moving beyond just helping customers to helping internal staff (intranet), and external customers, distributors, suppliers and strategic partners (extranet).

Digital Marketing Insight

Digital capability maturity models

A *capability maturity model* shows the series of common stages that organizations pass through during their adoption – and increasing refinement – of digital marketing.

In a digital marketing context, 'capability' refers to the processes, structures and skills you adopt for planning and implementing digital marketing.

Capability maturity models can help you to:

- Review current approaches to digital marketing to identify areas for improvement
- Benchmark against competitors who are in the same/different sector/industry
- Identify best practice among more advanced adopters
- Set targets and develop strategies for improving capabilities.

Carnegie Mellon SEI

One well-known capability maturity model has been devised by Carnegie Mellon Software Engineering Institute (www.sei.cmu.edu) to help organizations improve their software development practices.

While your field of application is quite different, the concept is readily transferable. The Carnegie Mellon SEI describes its role as: 'To identify best practices useful in helping organizations increase the maturity of their processes.'

A detailed stage model which businesses can use to benchmark their e-commerce capabilities was developed by Dave Chaffey for Smart Insights.

The capabilities evaluated are presented in Figure 9.4.

Section Summary 9.4

The endless journey – reviewing digital marketing capabilities

Capability maturity models are useful for showing the position of a company on its journey to digital business or social business. Through reviewing and benchmarking, a roadmap for future implementation can be developed.

9.5 Budgeting for digital marketing

Budgeting for digital marketing involves many different media channels like search marketing and social media marketing, and many platforms such as the desktop web site and the mobile web site. It also requires the development of the content assets that are so important to the user experience and content marketing.

Budgeting involves achieving the best balance of investment between these traffic-building and other digital marketing activities. Other aspects of resourcing that must be balanced are between online and offline promotion and between campaign and continuous ('always-on') traffic-building activities.

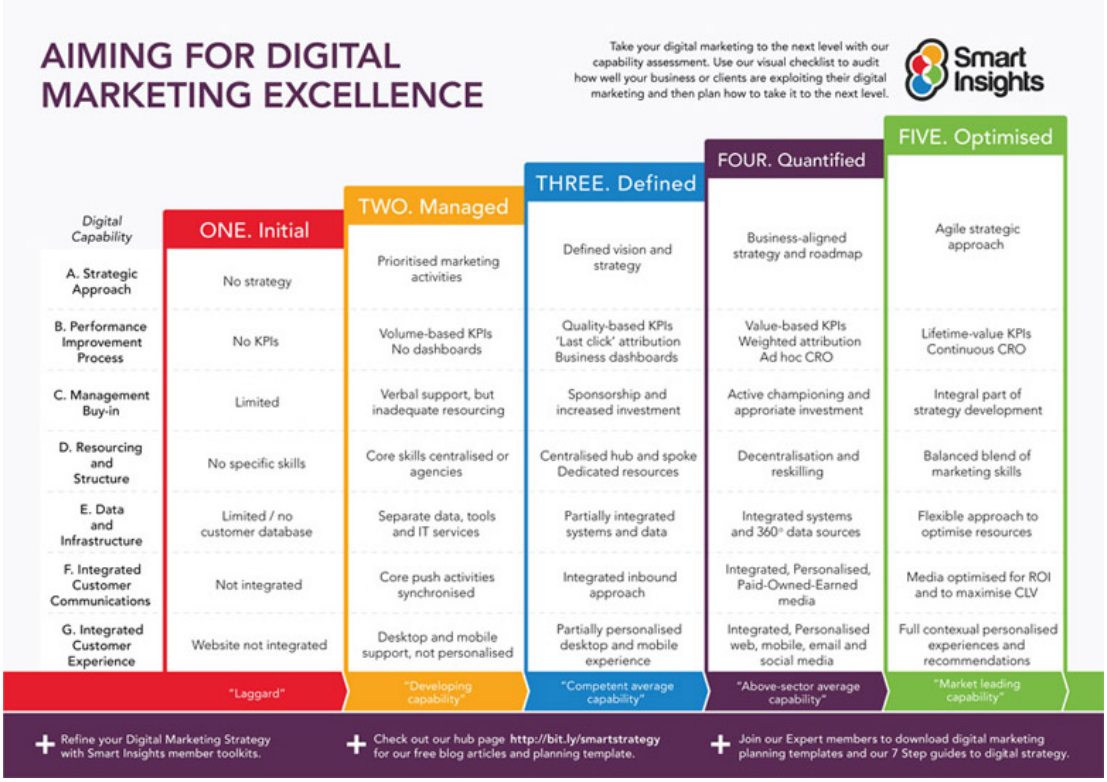
AIMING FOR DIGITAL MARKETING EXCELLENCE
Take your digital marketing to the next level with our capability assessment. Use our visual checklist to audit how well your business or clients are exploiting their digital marketing and then plan how to take it to the next level.
Smart Insights
Digital Capability
ONE. Initial
TWO. Managed
THREE. Defined
FOUR. Quantified
FIVE. Optimised
A. Strategic Approach
No strategy
Prioritised marketing activities
Defined vision and strategy
Business-aligned strategy and roadmap
Agile strategic approach
B. Performance Improvement Process
No KPIs
Volume-based KPIs No dashboards
Quality-based KPIs 'Last click' attribution Business dashboards
Value-based KPIs Weighted attribution Ad hoc CRO
Lifetime-value KPIs Continuous CRO
C. Management Buy-in
Limited
Verbal support, but inadequate resourcing
Sponsorship and increased investment
Active championing and approriate investment
Integral part of strategy development
D. Resourcing and Structure
No specific skills
Core skills centralised or agencies
Centralised hub and spoke Dedicated resources
Decentralisation and reskilling
Balanced blend of marketing skills
E. Data and Infrastructure
Limited / no customer database
Separate data, tools and IT services
Partially integrated systems and data
Integrated systems and 360° data sources
Flexible approach to optimise resources
F. Integrated Customer Communications
Not integrated
Core push activities synchronised
Integrated inbound approach
Integrated, Personalised, Paid-Owned-Earned media
Media optimised for ROI and to maximise CLV
G. Integrated Customer Experience
Website not integrated
Desktop and mobile support, not personalised
Partially personalised desktop and mobile experience
Integrated, Personalised web, mobile, email and social media
Full contexual personalised experiences and recommendations
"Laggard"
"Developing capability"
"Competent average capability"
"Above-sector average capability"
"Market leading capability"
Refine your Digital Marketing Strategy with Smart Insights member toolkits.
Check out our hub page http://bit.ly/smartstrategy for our free blog articles and planning template.
Join our Expert members to download digital marketing planning templates and our 7 Step guides to digital strategy.

Figure 9.4 Digital marketing capabilities summarized by Dave Chaffey

Source: Smart Insights (Chaffey, 2016)

Key Marketing Costs

As a starting point for a new digital marketing investment, you need to be clear on the right balance between expenditure on:

1. Creating the user experience – this is the initial web site design and build (including mobile apps and creation of company social pages including Facebook apps)
2. Ongoing content creation and optimization
3. Traffic building or reach, covering the paid, owned and earned media we introduced in Chapter 1 (see Figure 1.11).

In previous editions of this book, we suggested that many European sites have allocated resources between build, optimization and traffic in the ratio 5:2:1. However, for many US sites, these were in the order 1:2:5; i.e. with the emphasis firmly on traffic. You need to review carefully what is right for your business. We believe the biggest mistake made by companies, particularly small to medium-sized companies, is to create a site and not update it because budget or resource isn't available for ongoing content creation and optimization. So try to plan for this.

Selecting the Best Communications Mix

Deciding on the best communications mix for an online campaign is perhaps more of an art than a science, because there are so many elements (which we introduced at the start of Chapter 7) which should influence your decision. As a reminder, when selecting each digital marketing channel, you should assess its:

- *Cost Per Acquisition* (CPA). You will naturally be looking to minimize this, it will depend on the combination of media costs, delivery of the right target audience and conversion rates.
- *Volume*. More campaign expenditure will typically go into the channels that drive volume – often paid search, which can also have a well-controlled CPA. However, having a low-CPA channel is not helpful if it doesn't drive volume because it is not possible to purchase sufficient media.
- *Conversion*. Not all digital channels convert equally; for example, paid search tends to convert slightly more highly than natural search since searchers have sought out the paid ad. Similarly, paid search tends to convert better than display ads since with the former, searchers have higher intent and are more directed, while with display ads, they may have clicked more out of impulse.

- *Branding impact*. Channels such as display advertising or editorial coverage may not result in high clickthrough rates, but testing shows they do build awareness of products, services and promotions.
- *Flexibility*. This is important for larger campaigns; is it possible to build in tests and amend the creative to gain better results, as is the case with paid search and display ads?
- *Frequency*. Does the channel enable you to retarget to repeat messages as is the case with behavioural retargeting and paid search?
- *Risk*. Is it a tried-and-tested channel with which you can be confident of delivering results? Viral marketing, for instance, or renting an email list are both high-risk strategies; display advertising and paid search are lower-risk.

Digital Marketing Insight

Zed Media on assessing the right online marketing mix

Selection of the right type of e-tools will vary according to whether your campaign is focused on creating direct response, which is more typical for transactional categories such as finance, travel and retail; or whether awareness is more important, which is more typical for many business-to-business categories or consumer goods.

Figure 9.5 shows how one agency estimates that the mix can vary according to type of campaign. You can see that for direct response, paid search and affiliate marketing are often most suitable with lower budgets, while display advertising is a relatively small part of the mix. This is reversed for brand awareness campaigns.

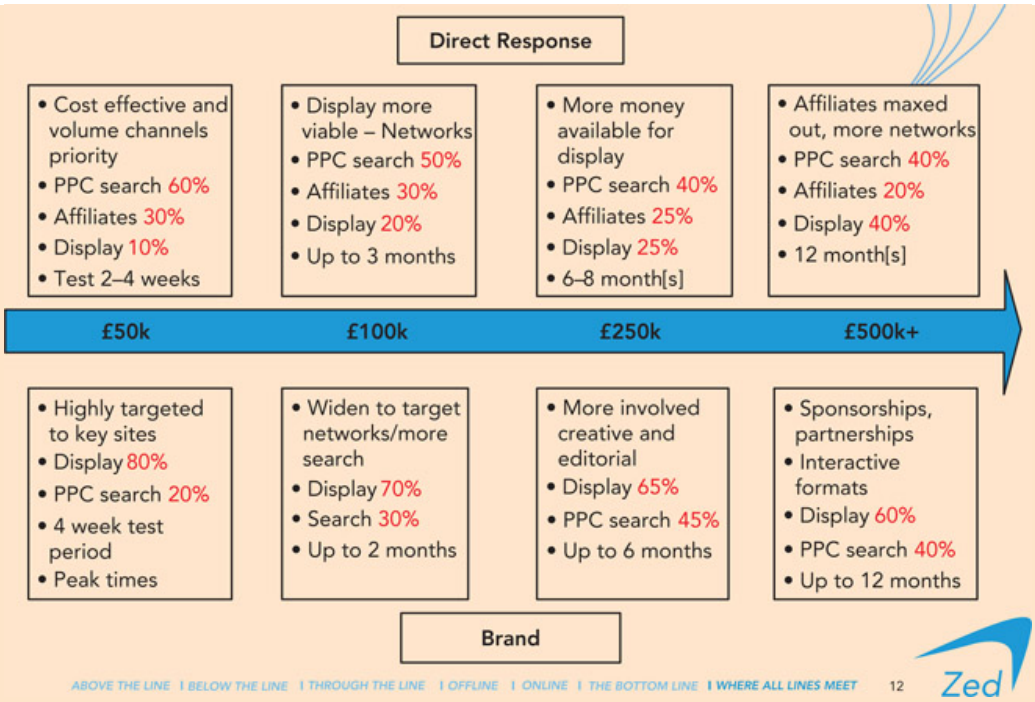
Direct Response
• Cost effective and volume channels priority
• PPC search 60%
• Affiliates 30%
• Display 10%
• Test 2–4 weeks
• Display more viable – Networks
• PPC search 50%
• Affiliates 30%
• Display 20%
• Up to 3 months
• More money available for display
• PPC search 40%
• Affiliates 25%
• Display 25%
• 6–8 month[s]
• Affiliates maxed out, more networks
• PPC search 40%
• Affiliates 20%
• Display 40%
• 12 month[s]
£50k
£100k
£250k
£500k+
• Highly targeted to key sites
• Display 80%
• PPC search 20%
• 4 week test period
• Peak times
• Widen to target networks/more search
• Display 70%
• Search 30%
• Up to 2 months
• More involved creative and editorial
• Display 65%
• PPC search 45%
• Up to 6 months
• Sponsorships, partnerships
• Interactive formats
• Display 60%
• PPC search 40%
• Up to 12 months
Brand
ABOVE THE LINE | BELOW THE LINE | THROUGH THE LINE | OFFLINE | ONLINE | THE BOTTOM LINE | WHERE ALL LINES MEET
12
Zed

Figure 9.5 Options for varying the mix for direct response and brand awareness campaigns

Source: Zed Media

Balance Between Online and Offline Promotion

Defining the correct balance between investment in online and offline promotion is another key aspect of resourcing. The appropriate balance is determined by many factors, but the most important is the percentage of sales that are informed or completed online. In the foreseeable future, investment in offline communications will still dominate overall, because of its power in creating awareness and demand for brands which will often then give rise to site visits.

Balance of Campaign and Continuous Traffic Building

It would be a mistake to spend an entire promotion budget on campaigns. A proportion should be left for expenditure required every month of the year for search engine re-registration and updating; updating copy to improve search engine positions; link building; managing long-term sponsorship arrangements and direct opt-in email.

Section Summary 9.5

Budgeting for digital marketing

Budgeting is about achieving the right balance of: promotion, service and design; online and offline promotion and campaign activities; and continuous traffic building. For campaigns, resourcing decisions include banner run length, ad-weighting, targeting and campaign size.

9.6 Making the business case for digital marketing investment

As an e-marketer, you will believe in the power of digital marketing to get results and you will want to try new techniques. But your colleagues may be more cynical and rightly so. They will have seen different marketing approaches come and go and will be reluctant to change from tried-and-tested approaches – 'We've always done it this way'.

For your own and your colleagues' benefit, you need to find ways to *prove* the value that digital marketing can generate for an organization.

Although digital marketing has been described as 'the most measurable medium ever' (Bughin *et al.*, 2008) it is often not so easy to prove the value

of digital marketing investment. Yes, you can determine for a Google Adwords or email marketing campaign the clicks through to a retail site which generate a sale, but not all marketing is that simple. We know from Chapter 2 that many customers take several visits to convert, responding to different stimuli, so we need to apply attribution modelling to determine the value. What if the site doesn't sell direct, but only generates leads which are fulfilled offline by phone; or if it does sell direct, but many visitors are only browsing the catalogue? Other investments such as social media or content marketing similarly lack a clear 'cause and effect' relationship.

In this section, we recommend different approaches that can be used for justifying digital media investment at the appropriate level. Which options work best will naturally depend on who you are trying to convince and the culture of the organization; does it support emotional or rational decisions?

Types of Digital Investment Decision

There are different types of digital investment and the justification will vary according to these. The main types of investment decision are:

- *Media investment.* You'll be looking for a bigger piece of an existing pie or increasing the size of the pie.
- *Agency resource.* Outsourcing creation of digital assets or management of digital marketing campaigns.
- *Internal resource.* New staff to work within marketing or IT.
- *Capital expenditure (CapEx).* This is when businesses need to buy new equipment or a communications platform such as a server or invest in developing a new system. This spend can be amortized over several years. Software can be treated in this way too, according to accounting practices in a company or tax regimes.
- *Operational expenditure (OpEx).* This includes the planning, designing and testing of a system. The creation of new services using an agile

method can mean that a higher proportion of cost is treated as CapEx, compared to a traditional system where it is based on OpEx.
- *Different digital marketing activities.* The investment types described above can be applied across the digital marketing framework of PRACE – Plan, Reach, interAct, Convert and Engage (long term).

Methods of Justifying Investment

1. Prove value through tests

The single best way to convince colleagues of the value of digital marketing is to prove the impact of digital marketing through a test in your own company. Many of the other methods such as modelling and benchmarking still require a 'leap of faith' to believing, so it's best if you can run a test.

It can be difficult to isolate the impact of a digital campaign if it also involves other media, so consider these forms of testing that can help with making the case for digital channels:

- *Online-only launch.* A new product or category can be launched in the online channel only or can have upweighted digital spend compared to a normal launch or campaign. This can help prove the impact of digital media.
- *Adjusting budgets through time.* If you vary the mix through time, this can help you see the impact of adding or removing elements to a mix through the campaign or year. For example, if practical, switch off an 'always-on' component such as search marketing or display advertising for one month. Since most prospects don't convert immediately, it may require several weeks of testing to achieve this. When reviewing the impact of these tests, it's important not only to look at visits generated, but other measures of brand awareness/favourability such as brand

search volume and conversion rates (which tend to be correlated with awareness and favourability generated by advertising).
- *Hold-out testing*. This approach involves a test group that does not receive a particular communication such as an email or a catalogue, to help in understanding the combination of channels that work best.

However, you do already need investment to run a test, so some of the later recommendations will help with this.

2. Piggy backing

This is not a technical term! We're recommending that you make use of agreed investments and projects to run tests which may justify other future investments. If, for example, there is already a focus on improving email marketing or social media marketing within a company, then how can these be used to make other changes – for example, investing in a content strategy or improving the use of attribution modelling?

3. Improve the quality of your digital analytics

Throughout *Digital Marketing Excellence* we have stressed the importance of making use of web analytics.

To prove value, you have to 'get your analytics house in order'. This means tracking a lead or sale to its origin, as far as is possible, by:

- *Detailed tracking using marketing source codes*. For example, make sure your social media, display advertising, affiliate marketing and email marketing is tracked through the relevant source codes.
- *Use of attribution*. If you're using Google Analytics, use features like Multi-Channel Funnel Assists.

- *Track offline outcomes.* For example, if you generate telephone calls from the web site, use call-tracking software to track these carefully.

4. Return-on-investment models

The commercial argument will be the strongest in many organizations, so we start here. You should create conversion-based models to illustrate the return on investment (ROI). Figure 9.6 shows an example where the impact of increasing the level of visitors, conversion rate or average order value (AOV) by a percentage can be used to show the value generated.

These models can be refined and used for budgeting campaign investments by breaking them down into media investment and then further down into digital media channels such as display advertising and paid search (see Chapter 10, Table 10.2).

	Performance measure	Scenario 1	Scenario 2
Acquisition	Current unique visitors to site or section per year	1,000,000	1,000,000
	Potential incremental visitors	1.00%	2.00%
	Cost of increasing visitors (Year 1)	£4,000	£20,000
	Potential incremental visits	10,000	20,000
	Potential future visits total	1,010,000	1,020,000
Conversion	Current conversion rate	2.00%	2.00%
	Incremental conversion rate change	20.00%	5.00%
	Cost of improving conversion (Year 1)	£20,000	£20,000
	New conversion rate	2.40%	2.10%
	Current sales	20,000	20,000
	Potential incremental leads or sales (from conversion)	4,000	1,000
	Potential future sales total (from visits and conversion)	24,240	21,420
Sales value	Current average order value	£50	£50
	Potential incremental average order value	10.00%	0.00%
	Cost of improving AOV (Year 1)	£10,000	£10,000
	New AOV	£55.00	£50.00
	Current revenue	£1,000,000	£1,000,000
	Potential incremental revenue (from AOV)	£100,000	£0
	Potential future revenue total (from visits, conv and AOV)	£1,333,200	£1,071,000
Returns	Current returns rate	10.00%	10.00%
	Potential incremental returns change	5.00%	3.00%
	Cost of improving returns rate	£5,000	£5,000
	New returns rate	9.50%	9.70%
	Current revenue (with returns)	£900,000	£900,000
	Potential incremental revenue (with reduced returns)	£905,000	£903,000
	Potential future revenue total (with all improvements above)	£1,206,546	£967,113
Channel profitability	Margin	15%	15%
	Current site profit	£135,000	£135,000
	Future site profit	£180,982	£145,067
	Change in profit (%)	34%	7%
	Incremental profit	£45,982	£10,067
	Total initiative costs	£39,000	£55,000
	Return on investment	18%	–82%

Figure 9.6 Simple conversion-based model

Source: Smart Insights (Chaffey, 2012)

If a site doesn't directly generate revenue, the value of a lead or engagement with the site will have to be determined, and then average lead or engagement value can be used in the model.

Mixed-mode purchases should also be assessed; for example, whether phone tracking or match backs between online users and catalogue buyers can be used to determine how offline purchases arise from online research (ROPO; see Chapter 1, Figure 1.9).

Lifetime value models are even more powerful to help in justifying investment since they can be used to look at the value that new investments will deliver over a period of years and so calculate the break-even period.

Lifetime value (LTV) is the total contribution (sales price minus direct costs) that a customer or group of customers will provide a company over their total relationship with it.

See Kumar *et al.* (2007) for an explanation of LTV calculations. LTV modelling is based on estimating the income and costs associated with each customer over a period of time, and then calculating the net present value in current monetary terms using a discount rate value applied over the period.

Lifetime value modelling is a great technique since it answers the question: 'How much can I afford to invest in acquiring a new customer?'

If online marketers try to answer this from a short-term perspective, as is often the case – i.e. by judging it based on the profit from a single sale on an e-commerce site – there are two problems:

- We become very focused on short-term ROI and so may not invest sufficiently to grow our business.

- We assume that each new customer is worth precisely the same to us and we ignore differentials in loyalty and profitability between differing types of customer.

Lifetime value analysis enables marketers to:

- Plan and measure investment in customer acquisition programmes
- Identify and compare critical target segments
- Measure the effectiveness of alternative customer retention strategies
- Establish the true value of a company's customer base
- Make decisions about products and offers
- Make decisions about the value of introducing new digital technologies which will affect lifetime value.

Digital Marketing Insight

An example of a simple lifetime value model

Figure 9.7 gives an example of a lifetime value model.

1 *New customers*. This is the number of initial customers (100,000). It declines each year dependent on the retention rate (row 5).
2 *Margin*. This is the profit (gross margin) contributed by this group of customers based on the typical type of product they purchase.
3 *Years*. Lifetime value shows the revenue and cost for each year although it can be used for other time periods; e.g. a monthly subscription.
4 *Customers*. This is the number of customers in each year dependent on the retention rate (row 5)

	A	B	C	D	E	F
1	New customers in Year 1	100,000				
2	Margin	20%				
3		Year 1	Year 2	Year 3	Year 4	Year 5
4	Customers	100,000	50,000	27,500	16,500	10,725
5	Retention rate	50%	55%	60%	65%	70%
6	Average revenue per annum	£100	£120	£140	£160	£180
7	Total revenue	£10,000,000	£6,000,000	£3,850,000	£2,640,000	£1,930,500
8	Net profit	£2,000,000	£1,200,000	£770,000	£528,000	£386,100
9	Discount rate	1.000	0.860	0.740	0.636	0.547
10	NPV Contribution	£2,000,000	£1,032,000	£569,492	£335,808	£211,197
11	Cumulative NPV contribution	£2,000,000	£3,032,000	£3,601,492	£3,937,300	£4,148,497
12	Lifetime value at net present value	£20	£30	£36	£39	£41

Figure 9.7 A simple lifetime value model

5 *Retention rate.* The proportion of customers who stay with the company through time. In lifetime value modelling, this is usually found to increase year-on-year, since customers who stay loyal are more likely to remain loyal.

6 *Average revenue per annum.* Likewise, typical spend increases through time.

7 *Total revenue.* Calculated through multiplying rows 3 and 5.

8 *Net profit (at 20 per cent margin).* LTV modelling is based on profit contributed by this group of customers; i.e. revenue multiplied by margin.

9 *Discount rate.* Since the value of money held at a point in time will decrease due to inflation, a discount rate factor is applied to calculate the value of future returns in terms of current-day value.

10 *NPV contribution.* This is the profitability after taking the discount factor into account to give the net present value in future years. This is calculated by multiplying row 8 by row 9.

11 *Cumulative NPV contribution.* This adds the previous year's NPV for each year.

12 *Lifetime value at net present value.* This is a value per customer calculated by dividing row 11 by the initial number of donors in Year 1. This is the figure that is used to set an acceptable Cost Per Acquisition.

5. Competitor and industry benchmarking

Benchmarking is simply comparing your own capabilities or performance to other companies. It can be a blend of a rational argument and an emotional argument as you show what other companies are doing.

Table 9.1 gives some examples of benchmarking applications for digital marketing. One of the difficulties with benchmarking is finding data from similar companies.

Table 9.1 Types of digital marketing benchmarking and relevant sources

Benchmarking approach	Comments	Sources
Capability maturity modelling	Requires estimation of competitors' capabilities.	See Smart Insights (Chaffey, 2016) and Section 9.4.
Site feature benchmarking	Review functionality.	This reviews interactive tools to support buying or customer services.
Reach/site usage	Hitwise gives a paid version; the DoubleClick Adplanner is the best version for a larger site.	Google DoubleClick AdPlanner http://bit.ly/smartsize
SEO performance	Based on ranking compared to competitors.	Advanced Web Ranking is one tool recommended here: http://bit.ly/smartranking
SEO backlinks	The Majestic SEO tool gives backlink history useful for	http://bit.ly/smartlinkcheck

Benchmarking approach	Comments	Sources
	benchmarking against competitors.	
Media investment	For example, the IAB in the UK has a compilation of ad spend on digital media.	The UK IAB: www.iabuk.net
Act	Compare length of visits.	Compilation of bounce and duration from Google Analytics http://bit.ly/smartbounce
Conversion	Compare 'add to basket' and 'basket to checkout' conversion.	See Smart Insights conversion compilation http://bit.ly/smartconversion
Multi-channel conversion	Consider the Research Online, Purchase Offline (ROPO) for competitors.	Other research studies may be available.
Engage	Email and social media marketing benchmarking.	www.smartinsights.com/email-marketing/ and www.smartinsights.com/social-media-marketing/

6. Optimization

A/B and multivariate testing are a great opportunity to show how a 'test–learn–refine' approach generates more leads and sales.

A/B testing of two different versions of a landing page is a low-cost activity if you're using the Google Website Optimizer. Creating a story of how changes to the site layout, messaging and offer have improved results can help justify further investment.

See Section 9.9 for more detail on these approaches.

7. Market research studies

Traditional research to gain insights on customer motivations, preferences and behaviours is still important. This can show how many people buy offline after researching online, for example.

8. Forward planning

We find that many companies still don't have a clear digital marketing plan as discussed in Chapter 1, Section 1.1.

Creating a structured digital marketing plan as a stand-alone document or integrating it into existing plans can definitely help to give a focus to digital media. Creating such a plan is a reason to canvass colleagues, taking them through the stages of SOSTAC®. For example, involve colleagues in these ways:

- *Situation analysis.* Ask them to review the current use of digital technology and multi-channel marketing – how do they rate the capabilities? Involve them in creating a SWOT analysis with a key issues summary.
- *Objective setting.* Find a method of showing how digital channel objectives align with current business goals and strategic initiatives.

- *Strategy*. Involve colleagues in reviewing the strategic options by asking them to score the value of different business options, considering the value to the business and the costs.
- *Tactics*. These are less relevant, but you can give illustrations of the different approaches.
- *Actions*. A roadmap can be created to show priorities and aid discussion of what should happen when.
- *Control*. Use the analytics reporting not just to show trends, but make them actionable through aligning them with business goals. Use a risk assessment where risks are rated by impact and probability to show the potential consequences if there is insufficient investment.

Creating and reviewing a plan which is independent from existing types of plans gives a good opportunity for collaborative discussion. Different ways of discussion will be appropriate in different types of company; for example, review workshops or regular steering groups involving 'stakeholders' from across the organization.

Section Summary 9.6

Making the business case for digital marketing investment

Making the business case for digital marketing investment depends on the culture of the company and the attitudes of those you are looking to convince. Emotional arguments may work in some cases. But for business owners and financial directors, quantitative approaches based on conversion and lifetime value models are most likely to give you success.

9.7 Selecting the right suppliers for digital marketing

Selecting a communications agency is seldom straightforward. You have to choose between full-service agencies and numerous specialists – brand, direct marketing, media buying and advertising agencies.

Digital marketing has spawned a whole new plethora of specialist agencies, and many traditional agencies have extended their portfolios to include digital media.

When choosing suppliers, you need to consider the level and type of marketing expertise you require:

1. Strategy
2. Market research and analysis
3. Campaign creative concepts
4. Asset and content development
5. Campaign execution, including reporting analysis and adjustment
6. Infrastructure (e.g. web design and build, ad serving, email broadcasting, evaluation).

Suppliers are usually asked to undertake a range of campaign communications: web site design and build, online advertising, search engine marketing, email marketing and wireless or interactive TV campaigns.

The main digital supplier options are:

1. *Full-service digital agency (or a specialist unit within a traditional agency)* with expertise in:

- *The core digital media channels* – online advertising, search marketing and email marketing; with or without affiliate marketing and online PR
- *Display advertising* – concept, creative development, media planning and buying
- *Web site design and build* – full sites, mobile sites, company social site or campaign micro-sites.

2 *Specialist digital agency*. Appearances can be deceptive and in reality, there are a limited number of specialist agencies. Typical specialists include:

- l Strategy and planning consultants
- Web site design and build – analysis, web site design, HTML coding and JavaScript plus programming
- Online ad creative and online ad buying
- Search engine marketing including SEO and paid search specialists, although most search agencies today offer both
- Mobile marketing and interactive TV specialists
- Social media and e-PR agencies
- Evaluation and improvement specialists – increasingly merging into units that provide: usability specialists, accessibility specialists, web analytics/web metrics evaluation, online customer research groups (online surveys and focus groups)
- Other rare specialist agencies, typically combined with other larger agency disciplines – email marketing, online PR, affiliate marketing.

3 *Traditional agency*. These range from providing a full service through to specialists for advertising, direct marketing, market research, sales promotion or PR.

4 *In-house resource*. Larger organizations may have in-house specialists who plan and execute campaigns, typically concerning web site design and infrastructure.

Resourcing Search Marketing

One of your more difficult and most important decisions will be whether to hire an SEO specialist and a separate Pay Per Click specialist, or try to combine the two skills in one role. Since successful SEO today is more dependent on content and social media marketing than the technical factor, there is also a big overlap in resources for managing these with SEO. Indeed, in many companies, there is a joint responsibility for SEO and social media marketing – ideal if you can find someone with the hybrid skills.

Anne Holland of Marketing Sherpa (www.marketingsherpa.com) advises:

> ***Your search campaign is like building a house. You need specialists like a carpenter and a plumber, and they can't do each other's jobs remotely well. You also need a contractor to oversee both and make sure the work fits together under the same roof and in the same budget.***
>
> ***So, don't trust an agency rep who glibly says they can do both. Instead, ask to meet the specific specialists for yourself – and make sure that they are two different people in two different departments.***
>
> ***The bigger firms have enough resources to have two departments plus account reps to supervise everything. However, there's a bigger price tag for this convenience.***
>
> ***You may choose to be your own general contractor and hire two specialist firms instead. Just be sure to budget enough time in your schedule to manage them.***
>
> ***(Holland, 2004)***

Here are some other perspectives on outsourcing SEM, based on some interviews with search agency staff and marketing managers by Dave Chaffey in 2008.

This need for specialism in different SEO activities is indicated by the staff roles of Greenlight (www.greenlightdigital.com), one of the largest UK/European agencies which has also opened offices in the United States. Andreas Pouros, COO at Greenlight, describes their key roles as SEO

consultant/analyst; copywriter; link builder; account manager; social media specialist and SEO developers.

Andrew Girdwood, Head of Search at multinational SEM agency bigmouthmedia (www.bigmouthmedia.com) believes that having this range of skills on the client side is impractical. He said: '[A]n in-house team would need to be unfeasibly large in order to match an agency who has an SEO research department who trial new approaches and monitor SEO blogs, news and forums'.

Clare Brandish, Sales and Marketing Director of Ragdale Hall spa, which uses agency MediaCo, believes in a different approach. She argues: 'We recognize that, in the past, today and going forward, search optimization is a specialism in an ever-changing landscape.' She adds that 'By collaborating with a good agency, we are confident of receiving knowledgeable, professional and up-to-date service.'

Of course, a 'mix and match' approach can also be used. Elliot Zissman, then Director of multichannel retailer Totally Fitness, believed that some activities such as keyword research and copywriting are best kept in-house, using initial guidance from an agency. But other aspects, such as technical site audits to ensure that the search engine robots are crawling the pages, together with link generation and online PR, are best outsourced to specialist agencies.

He explains:

> ***[W]e have gained a lot of knowledge from using an agency, but going forwards I envisage the majority of the work will be done in-house. This is because... we feel we gained good value for money initially, but that agency fees are hard to justify for what is relatively low-level work going forwards (link building, writing content, etc).***

The virtual marketplace

There is now a wide range of online services to help you find and manage your outsourced marketing sites. The four sites listed below are some of the more popular services used by people online.

They include an organized directory of freelancers. You would publish your brief/requirements and providers can then apply for that job. At this point, you can organize/sort through the applications in each site's interface. It is easy to filter by hours worked, cost and feedback rating.

1. *UpWork* (www.upwork.com). UpWork is an established crowdsourcing platform for recruiting designers and all types of roles.
2. *Elance* (www.elance.com). Elance is similar to UpWork, it is well-established, and has a large database of workers. The key difference, however, is that Elance has a larger focus on programming.
3. *Freelancer.com* (www.freelancer.com). Freelancer is a much more online marketing-oriented platform; with over 3 million members, it makes Elance look small. Examples of projects range from simple link-building tasks through to web site build and translation.
4. *99 designs* (http://99designs.com). 99 designs is an example of a niche outsourcing site, focusing purely on creative freelancers and therefore design/creative briefs.
5. *Fiverr (fiverr.com)* A site for sourcing smaller pieces of work (from under five dollars or pounds).

Section Summary 9.7

Selecting the right suppliers for digital marketing

We reviewed the options for selecting a digital marketing agency:

1. Full-service digital agency
2. Specialist digital agency
3. Traditional agency
4. In-house resource.

The importance of owning strategy, customer insight and analysis was discussed.

9.8 Change management for digital transformation

Figure 9.8 shows key aspects or levers of change that need to be assessed in order to maximize the benefits of digital business. The main change levers required are:

1. Market and business model
2. Business process
3. Organizational structure, culture and staff responsibilities
4. Technology infrastructure changes.

These are all major changes that are required for an organization to be agile enough to respond to marketplace changes and deliver competitive customer service.

A useful framework for reviewing an organization's capabilities to manage digital business-related change is shown in Table 9.2. This 7S framework was developed by McKinsey consultants in the 1970s and summarized by Waterman *et al.* (1980).

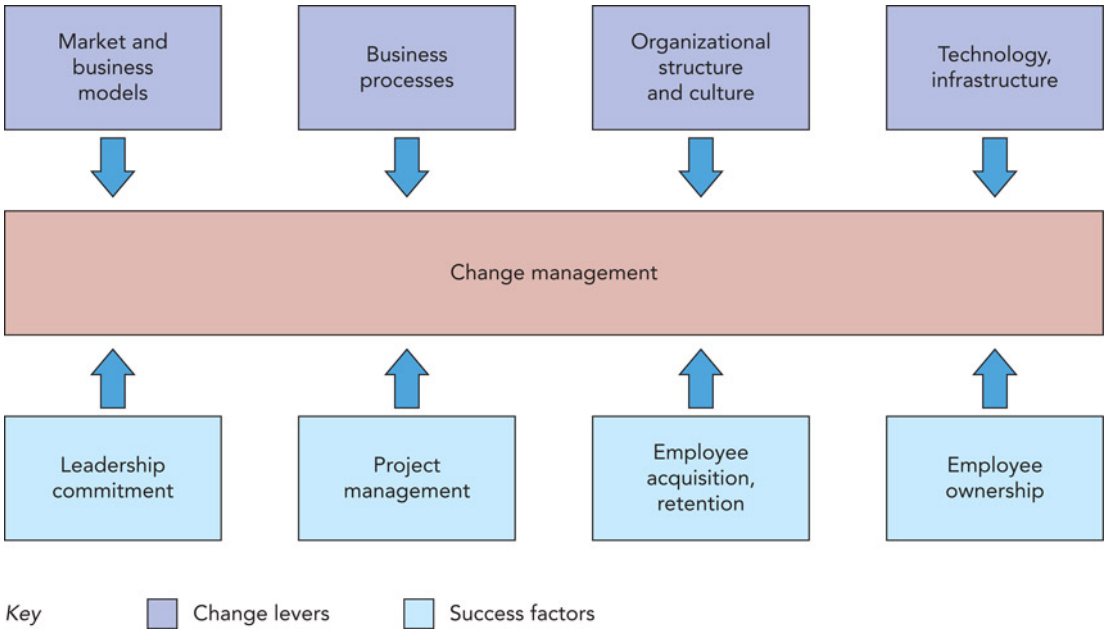

Figure 9.8 Factors governing the response to change

Table 9.2 The 7S strategic framework and its application to digital business management

Element of 7S mode	Relevance to digital business management	Key issues
Strategy	The contribution of digital business in influencing and supporting organizations' strategy.	• Gaining appropriate budgets and demonstrating/delivering value and ROI from budgets. Annual planning approach
		• Techniques for using digital business to impact [on] organization strategy
		• Techniques for aligning digital business strategy with organizational and marketing strategy.
Structure	The modification of organizational structure to support digital business.	• Integration of e-commerce team with other management, marketing (corporate

Element of 7S mode	Relevance to digital business management	Key issues
		communications, brand marketing, direct marketing) and IT staff
		• Use of cross-functional teams and steering groups
		• Insourcing vsoutsourcing.
Systems	The development of specific processes, procedures or information systems to support Internet marketing.	• Campaign-planning approach integration
		• Managing/sharing customer information
		• Managing content quality
		• Unified reporting of digital marketing effectiveness
		• In-house vs external best-of-breed vs external integrated technology solutions.
Staff	The breakdown of staff in terms of their background, age and sex and characteristics such as IT vs marketing, use of contractors/consultants.	• Insourcing vs outsourcing
		• Achieving senior management buy-in/involvement with digital marketing
		• Staff recruitment and retention. Virtual working
		• Staff development and training.
Style	Includes both the way in which key managers behave in achieving the	• Relates to role of the e-commerce team in influencing strategy- is it dynamic and

Element of 7S mode	Relevance to digital business management	Key issues
	organization's goals and the cultural style of the organization as a whole.	influential or conservative and looking for a voice?
Skills	Distinctive capabilities of key staff, but can be interpreted as specific skill-sets of team members.	• Staff skills in specific areas: supplier selection, project management, content management, specific digital marketing approaches (search engine marketing, affiliate marketing, email marketing, online advertising).
Superordinate	The guiding concepts of the e-commerce organization which are also part of shared values and culture. The internal and external perception of these goals may vary.	• Improving the perception of the importance and effectiveness of the e-commerce team amongst senior managers and staff [that] it works with (marketing generalists and IT).

Source: Adapted from Waterman *et al.* (1980)

Managing Change

Kotter and Schlesinger (1979) identified reasons for resistance to change:

- Parochial self-interest
- Lack of trust
- Different evaluation of the benefits and costs likely to result from change
- Low tolerance of change, perhaps as a result of culture or previous exposure to change.

They list six approaches for dealing with resistance to change which can usefully be applied to digital-marketing-related change:

1. *Education and persuasion.* These are needed to address parochial self-interest. The approach should use rational persuasion based on a reasoned argument, and an element of 'buzz' to get staff excited about the change.

   Managers of digital change should spend sufficient time to educate colleagues through direct meetings with key stakeholders, talks to relevant people and workshops.
2. *Participation and involvement.* These can 'excite, motivate and help to create a shared perception of the need for change'. It is not necessary to interview all those affected, though opinion leaders and legitimizers should be involved. Staff can be surveyed to enable some input.
3. *Facilitation and support.* Fear and anxiety concerning change must be countered. Line managers must play an important role in listening to problems or frustrations (emotional support) and seeking to resolve problems where possible (practical support).
4. *Negotiation and agreement.* Rewards are helpful when resistance to change is high. A rewarding approach can also be used to encourage staff to share knowledge and enthusiasm for change.
5. *Manipulation and cooption.* Manipulation is covert, involving deliberate biasing of messages to persuade others. Manipulation can be on a one-to-one basis from line managers to staff, or from senior managers. Coopting involves getting the involvement of a key figure, even if they have relatively little to directly contribute to the change project. For example, someone who is perceived as a trouble-maker or project saboteur could be coopted to the project team to deflect their criticism.
6. *Direction and a reliance on explicit and implicit coercion.* Coercion involves the change managers forcing new behaviour through granting or withdrawing outcomes valued by employees. It can be achieved by including adoption of the new approach in the employee's performance-related contract.

The research showed that managing the interfaces between the e-commerce or digital marketing team and other parts of the organization was a major challenge for many organizations.

1. *Senior management.* Managing the senior management team interface was mainly an issue for less-evolved adopters of e-commerce. Leading adopters mentioned that it had been a problem, but they now felt they had achieved understanding of the strategic importance of online channels, and this was matched by financial resources and sufficient input into planning to achieve alignment between business objectives and e-commerce initiatives.
2. *Marketing: different brands, businesses or countries.* Similarly, this was more of an issue for the less-evolved organizations. Others had created processes for collaboration between e-commerce and marketing teams and defined responsibilities for e-commerce within these marketing teams.
3. *Information technology.* This interface was mentioned as a challenge by nearly every respondent – there was a belief that insufficient resource for applications development was limiting the potential of e-commerce to deliver value to customers and the organization.

In addition, the management of two more key groups should be considered:

4. *Agencies and external suppliers.* Concerns about managing external interfaces were voiced less frequently among respondents than concerns about senior management, marketing and IT interfaces.
   Indeed, several respondents referred to their use of digital agencies or external IT providers to circumvent internal resource problems.
5. *The internal team.* In this research, the main concern here was staff retention, since digital staff are in high demand.

Strategic Agility

With digital strategy, it is particularly important to be responsive to marketplace change, since the competitive benefits of innovation may be short-lived. A more responsive strategy development approach is described as an emergent strategy approach or *strategic agility* – where strategic analysis, strategic development and strategy implementation are interrelated and occur on a more continuous basis.

Strategic agility is the capability to innovate and so gain competitive advantage by monitoring changes within an organization's marketplace; and then to efficiently evaluate alternative strategies and then select, review and implement appropriate candidate strategies.

This agile approach is best able to develop responses to sudden environmental changes which can open 'strategic windows'. Strategic windows may occur through changes such as introduction of new technology; changes in the regulation of an industry; changes to distribution channels in the industry; development of a new segment or redefinitions of markets (an example is the growth in leisure and health clubs during the 1990s).

Section Summary 9.8

Change management for digital transformation

Managing the change needed for transformation to the digital business or social business needs careful thought.

'Transformation' is not a minor change; it will likely need changes to process, people and systems. These must be carefully managed since others in the organization may not believe in the reasons for the change; so education, education, education is the name of the game.

9.9 Measuring and optimizing digital marketing with digital analytics

We've referenced web analytics throughout *Digital Marketing Excellence* since this approach is crucial to improving results from digital marketing, whether it's traffic building or a web site.

The value of web analytics is suggested by the results of the *Web Analytics Industry Outlook Survey 2015* (Digital Analytics Association, 2015). In it respondents were asked about key initiatives. The responses are interesting since digital analytics is now an established discipline.

- Dashboard consolidation (34 per cent)
- Upgrading staff skills (34 per cent)
- Implementing new tools (30 per cent)
- Predictive models and analytics (29 per cent)
- Multivariate testing (28 per cent)
- Key performance indicator (KPI) definitions (27 per cent)
- Hiring staff (23 per cent)
- Competitive benchmarking (21 per cent)
- Data governance (20 per cent)
- Product upgrades (17 per cent).

Within these activities we can see some relatively advanced techniques such as structured tests and experiments (28 per cent, likely to also include A/B testing) and predictive modeling and analytics (29 per cent). However, there are some more fundamental projects such as dashboard consolidation (34 per cent) and KPI definitions (27 per cent) which we would expect to see in organizations that are less mature in their use of digital analytics.

In the remainder of this section, we will introduce digital analytics and then look at specific requirements to apply them – they're often not used to their full potential.

What are Digital Analytics?

The early *web analytics tools* simply recorded 'site statistics' such as the volume of traffic, its source (referring sites) and which content was popular on site, including *clickstreams* of each visit.

Two alternative technical approaches are still commonly used to capture this information. Traditionally, server-based tools such as Webtrends were popular, particularly for large enterprise sites. These worked by summarizing, across different time periods, all the events recorded in a *transaction log file* every time a web page or graphic is downloaded for viewing by a site visitor. More recently, browser-based measurement tools, such as Google Analytics, Adobe Omniture and IBM Coremetrics, have become more popular since these are more accurate. Browser-based tools work by including a small piece of JavaScript in each page which records the page view on a separate (remote) server. Browser-based tools have the advantage that information can be accessed in real time, and visits to pages are recorded each time a page is viewed. This contrasts with the server-based approach where repeat visits may not be identified if the pages have already been loaded and are cached by the browser or a server. A combination of tools is often used since server-based tools are best for managing server load, page errors and identifying crawling by search robots.

The most valuable types of information available from web analytics systems to improve digital marketing include:

1 *Referring sites*. The proportion of visitors from different sites indicates the relative importance of referrers. This is useful for identifying potential link-partners. You can also segment site visitors by different types of visit, such as natural or paid search, brand versus non-brand terms, to see which drive the most valuable traffic. The use of such 'advanced segments' in Google Analytics is essential to driving results through Google Analytics.

2 *Referral time*. The most popular days and times of arrival of visitors can be used to plan the timing of future campaigns such as email campaigns.
3 *Search engine keywords*. Search engine keyphrases indicate the behaviour of customers trying to find your site and can be used to assess the success of your search marketing efforts.
4 *Conversion rates*. Conversion to key outcome pages such as registration pages or purchase pages can be calculated to understand the effectiveness of site design, messaging and incentives. In Google Analytics, these are called 'Goal Conversion pages'. Once you have identified them and set a monetary value against them, you can assess the value of different referrers and pages in driving this value. Google also tracks interactions such as video plays or clicks on buttons through 'Event Tracking' – this provides useful insight if the agency has set up event tracking.
5 *Stickiness*. The duration of visitors on different pages of your site can be used to assess whether visitors are finding what they require. Assessing the *bounce rates* of different landing pages and different referrers is also really helpful information that can be used to refine campaigns, site copy and creative.
6 *Repeat visits*. During a campaign we need to see whether what proportion of visitors on the site are new customers and what proportion are existing customers. Cookies or registration on a web site need to be used to estimate repeat visitors.

Customer feedback tools

Web analytics will show customer journeys through sites, but will miss key information about intent, preference and satisfaction. To gain this information, it's important to use customer feedback tools.

Smart Insights (Chaffey, 2015) identifies these five different classes of online feedback tools (http://bit.ly/smartfeedback):

1. *Website feedback tools.* These provide a permanent facility for customers to give feedback by prompts on every page. They are run continuously to enable continuous feedback including ratings on page content, but also products and services.
2. *Site user intent – satisfaction surveys.* These tools measure the gap between what the user had hoped to do on the site and what they actually achieved. For example, we recommend using the free 4Q survey (www.4QSurvey.com) that covers four questions to assess site effectiveness.
3. *Crowdsourcing product opinion software.* This is broader than web feedback, enabling customers to comment about potential new services. This is the approach used by Dell in the IdeaStorm (www.ideastorm.com).
4. *Simple page or concept feedback tools.* Again a form of crowdsourcing, these tools give feedback from an online panel about page layout, messaging or services.
5. *General online survey tools.* These tools like Zoomerang (www.zoomerang.com) and SurveyMonkey (www.surveymonkey.com) enable companies to survey their audience at a low cost.

A/B and Multivariate Testing

Site owners and marketers reviewing the effectiveness of a site will often disagree, based on their personal experience, and the only method to be certain of the best-performing design or creative alternatives is through designing and running experiments to evaluate which is the best to use. Matt Round, then Director of Personalization at Amazon, speaking at the eMetrics Marketing Optimization Summit in 2004, said that the Amazon philosophy is: 'Data trumps intuition'.

A/B testing and multivariate testing are two measurement techniques that can be used to review design effectiveness to improve results.

A/B testing

In its simplest form, *A/B testing* (or AB testing) refers to testing two different versions of a page or a page element such as a heading, image or button. Some members of the site are served alternately, with the visitors to the page randomly split between the two pages. Hence it is sometimes called 'live split testing'. The goal is to increase page or site effectiveness against key performance indicators including clickthrough rates, conversion rates and revenue per visit.

Changes in visitor behaviour can then be compared, using different metrics such as click-through rates on page elements like buttons or images, or macro-conversion rates, such as conversion to sale or sign-up.

When completing A/B testing, it is important to identify a realistic baseline or *control page* (or audience sample) to compare against. This will typically be an existing landing page. Two new alternatives can be compared to a previous control which is known as an A/B/C test.

An example of the power of A/B testing is an experiment that Skype performed on its main Topbar navigation, where the company found that changing the main menu options from 'Call Phones' to 'Skype Credit' and from 'Shop' to 'Accessories' gave an increase of 18.75 per cent revenue per visit (a Skype representative was speaking at the 2007 Digital Metrics Marketing Optimization Summit). That's significant when you have hundreds of millions of visitors! It also shows the importance of being direct with navigation and simply describing the offer available rather than the activity.

Multivariate testing

Multivariate testing is a more sophisticated form of A/B testing which enables simultaneous testing of pages for different combinations of page elements that are being tested. This enables selection of the most effective combination or 'recipe' of design elements to achieve increased conversion (Figure 9.9). Common elements that can be tested on the page include:

- Page headline: message and typography
- Main (hero) image
- Button (size, colour, placement and call-to-action text plus arrow)
- Page copy
- Benefits messages.

AUTOGLASS
Chipped windscreen?
Get Autoglass® to repair it for FREE* before it cracks and needs replacing.
Get started
* Subject to your insurance
Relax,

Figure 9.9 Example of different test variants from Belron

Source: Craig Sullivan

Managing Digital Analytics

The use of web analytics to improve online marketing dates back to the 1990s when the first web analytics systems were developed. Yet recent research suggests that many companies are still failing to utilize core web analytics best practices and are therefore not getting the potential return from web analytics that they could.

The *Web Analytics Industry Outlook Survey 2015* (Digital Analytics Association, 2015) gives insights on the specific challenges of performance management for digital marketing. The top five challenges for 2011 were:

- Actionability of the data (36 per cent mentioned it)
- Business decisions driven by analytics (35.3 per cent)
- Social media (34.9 per cent)
- Executive management awareness and support for web analytics (34.9 per cent)
- Failure to take action on the data (31 per cent).

In the 2009 survey, the largest hurdle that organizations predicted was funding; but by 2011, this wasn't in the top ten, suggesting more buy-in to use of web analytics. The report also shows that the majority are happy with the capabilities of their web analytics tools. Instead, the top two issues reported suggest the problems of performance management – taking action based on the data.

The frustrations are expressed in a more human way by these responses from those managing analytics in interviews with Dave Chaffey:

> ***There's just me as web analyst and 60 users of Google Analytics. They don't dedicate time to using it. They're too busy running campaigns.***
>
> ***(Web analyst, financial services)***

> ***It's very frustrating. I've no time to go into any great depth. I don't know where to go to find information to show what's working and what's not.***

(Brand manager, pharmaceuticals company)

> *I use it primarily for monthly or weekly reporting. Due to the amount of data and lack of time I don't have time to do more.*
>
> *(B2B e-commerce manager)*

To succeed in a measured approach to improving results from digital marketing, we suggest that there are four main requirements (as shown in Figure 9.10) relating to the quality of the digital analytics processes. These include defining the right improvement measures, purchasing the right tools and the management processes – such as putting in place a process where staff review results and then modify their marketing activities.

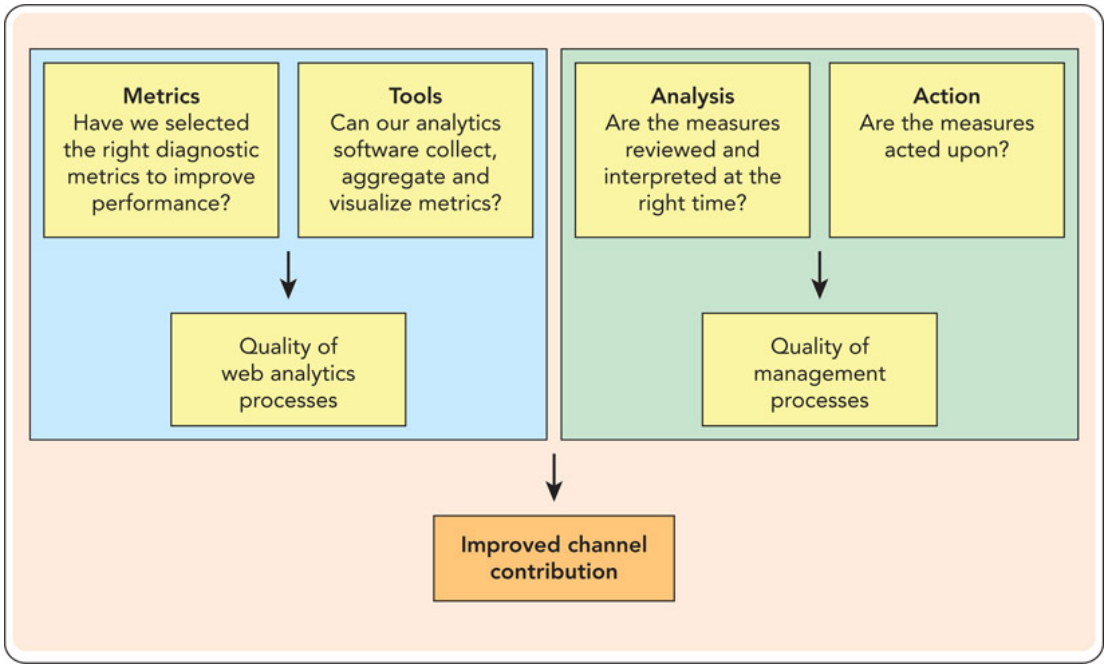
Metrics
Have we selected the right diagnostic metrics to improve performance?
Tools
Can our analytics software collect, aggregate and visualize metrics?
Analysis
Are the measures reviewed and interpreted at the right time?
Action
Are the measures acted upon?
Quality of web analytics processes
Quality of management processes
Improved channel contribution

Figure 9.10 Key questions in evaluating the organizational effectiveness of digital analytics

Section Summary 9.9

Measuring and optimizing digital marketing with digital analytics

Control activities should target assessing the effectiveness of promotion campaigns against objectives of traffic volume, traffic quality (marketing outcomes), cost of visitor and customer acquisition for different promotional techniques. Digital analytics systems, panel data and customer feedback tools should be used together to make this evaluation.

Digital analytics offer the opportunity to get the most from digital marketing, but getting the value from them is not straightforward; it requires careful selection of measures, tools and, most important, training of people and improvement in process.

9.10 Automation

Automation is about improving digital marketing efficiency. It takes modelling and optimization to another level, where human intervention is minimized.

Automated control has, of course, been used for many years to control industrial processes. Digital technologies now enable the same principles to be applied to marketing communications and relationship management.

While human intervention is often still needed to assess and fine-tune the process, four areas where almost pure automation is possible are:

1. Pay Per Click
2. Creative optimization
3. Web service delivery
4. Automation of marketing messages.

1. Pay Per Click automation using bid-management software

Real-time automated control can be applied to bidding, such as Pay Per Click (PPC) marketing.

Control is achieved using an *objective function* or target (e.g. minimize flooding, or achieve a set ranking in PPC) using three parameters:

- *State variables* or *inputs* (e.g. evaluation of water levels, or position of ad in listing)
- *Control or optimization variables* – varied to achieve the objective function (e.g. the amount of pumping that occurs, or the Cost Per Click bid)
- Defined *constraints* (e.g. minimum and maximum water levels, or minimum or maximum bid prices and budgets available in PPC).

Every PPC engine has similar control and state variables, but the way each calculates ad ranking (position) is different.

There are some interesting implications in how these tools will shape the millions being spent on PPC marketing:

1. Currently not everyone uses these tools, but what happens if and when they do? Will results depend on the quality of the tool as the different brands of software compete against each other?
2. For high-volume keyphrases, will manual tweaking always be worthwhile?
3. Bid-management tools are often expensive, costing thousands or even tens of thousands per month. However, Google now offers simpler capabilities as part of its service.

Behavioural ad targeting is another example of automation. This involves automating the ads served according to audience characteristics or behaviour.

2. Landing page optimization

In Section 9.9, we mentioned how A/B and multivariate testing can be used to test different 'recipes' of creative in different containers for content. This still requires manual management.

We can expect to see more automation used in this area. For example, tools from vendors such as Adobe Omniture Test & Target (www.adobe.com) and ATG/Oracle (www.oracle.com) optimize creative on a wide range of variables.

These tools can use different information about the visitor to tailor content in the containers according to a goal such as maximizing clickthrough or conversion rate. Information considered might include:

- First-time or returning visitor
- Content previously browsed on site
- Search phrase used or source of visitor
- Browser or hardware platform used to access site.

3. Automated service delivery

Another aspect of automation for digital marketing, with a lot of potential value attached, is service automation.

Service automation uses automated avatars or chat bots or 'Frequently Asked Questions' to reduce the need for human support staff. Automated tools answer routine queries, freeing up human operators for more complex issues.

Service delivery can be combined with promotion to provide automated 'Next best product' recommendations based on previous purchase behaviour.

4. Marketing automation for e-communications

Behavioural or event-triggered email marketing works by producing super-relevant emails, since they're sent in the context of previous customer behaviour, like signing up for an email, purchasing a product, doing a search or bailing out of a shopping basket.

As we described in Chapter 8 on e-CRM, all of these activities can be automated as part of a 'Sense and Respond' approach. Rules can be set up which determine which messages are sent based on which communications (Figure 9.11).

Examples where these communications can be used include:

- Shopping basket abandoned
- Customer searches or browses a category and doesn't buy
- Welcome for a new customer (onboarding)
- Reactivation for a lapsed customer.

Section Summary 9.10

Automation

Automation uses services to test or repeat different processes to find the most efficient process.

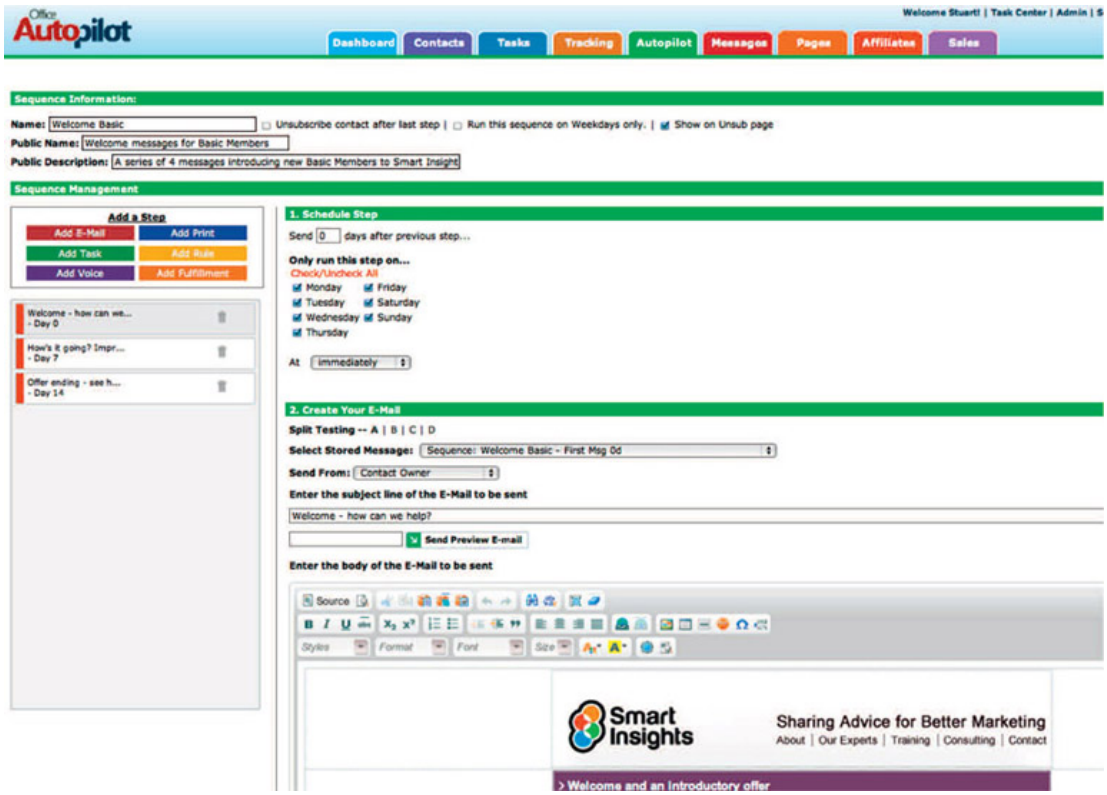

Figure 9.11 OfficeAutopilot marketing automation

Source: www.officeautopilot.com

9.11 Implementing new systems

The complex and evolving requirements for new sites, platforms, systems and apps give many businesses and agencies challenges in managing the deployment of new systems as this case study shows. In this section, we'll review some good practices for building systems.

Digital Marketing Insight

The reasons behind a failed e-project

McLaughlin (2010) has reviewed a case study of a project where, after significant financial investment (approximately US$300 million), and three years of development, the project was deemed a failure. The initiative was designed to link the sales, marketing, fulfilment, manufacturing and distribution systems together in order to reduce supply-chain stock levels, increase responsiveness to customer demands, and increase profit margins by providing a direct link to customers (circumventing business partners for some product lines).

The project was managed centrally from the North American headquarters, with input sought from the other geographies (Europe/Middle East/Africa, Asia Pacific and Latin America). The geographies had responsibility to respond to the central team on local aspects of the e-CRM project. The central team had responsibility for the overall scope of the project and the back office – or the e-CRM 'engine' – while the geographies had responsibility to ensure that the system, once deployed, considered local and cultural aspects of how the organization interacted with customers and business partners.

In this study, McLaughlin surveyed the level of employee awareness of the e-CRM system: employee buy-in; employee confidence in the e-CRM system; and employee awareness of barriers to successful implementation. Although most employees had heard of the e-CRM project, the depth of awareness was not consistent across the organization. From the surveyed population, 24 per cent had heard of e-CRM, but were unaware of what the project would deliver. Twenty-eight per cent understood the deliverables and received regular communications on the project's progress. But 48 per cent of the surveyed workforce, while understanding what e-CRM was about and what it was trying to achieve, did not receive any communications on a regular basis updating them on the project's progress. In effect, 72 per cent of the workforce was not aware of how e-CRM was progressing, and how the objectives and deliverables were changing.

Prototyping

Prototyping is a common approach to the development of digital business systems to help avoid inaccurate requirements; its essence is that it is an iterative process in which web site users suggest modifications before further prototypes and the live version of the site are developed.

Prototypes are:

- *Rapid.* Prototyping is part of a systems development approach known as '*RAD – rapid application development*', since the time from inception to completion is reduced to months rather than years. More rapid development is achieved through reducing the length of time of the analysis, design and build stages by combining them, in conjunction with the use of graphical software tools with which applications can be built quickly from pre-assembled components.
- *Simple.* Skeleton applications are produced as *prototypes* that do not contain all the functions of a system, but are a framework which gives a good indication to users of the information available and the look and feel of an application. They can then comment on it and say, for example, 'this information is missing' or 'we like that feature, but it would be nice to do that also' or 'that feature isn't necessary, it's not what we meant'.
- *Iterative.* Prototypes are produced often at a frequency of one every few days or weeks so that the comments from the last review can be fed into the evolving system.
- *Incremental.* Each prototype incorporates the feedback from the previous review, so each version of the application has a limited number of new features.

- *User-centred*. Users are involved at all stages of development, in describing the existing system, reviewing the prototypes and testing the system.

The prototyping approach is now ubiquitous since it reduces the risk of major design, functional or informational errors during the construction of the application that may be costly and time-consuming to fix at a later stage in development.

Agile Software Development

Today, the concept of prototyping has been extended across the whole lifecycle for developing web site functionality or software applications, where it is known as *agile software development*. The goal of agile development is to be able to create stable releases more frequently than traditional development methodologies allow; i.e. new functionality will be introduced through several releases each month rather than a more significant release every few weeks, months or even years. The approach is sometimes known as 'permanent beta'. Another difference with agile development is the emphasis on face-to-face communication to define requirements rather than detailed requirements specifications.

Scrum is a methodology that supports agile software development. Scrum involves the *scrum master* who is effectively a project manager, the *product owner* who represents the stakeholders such as the business owners and customers, and the *scrum team* which includes the developers.

Scrum is based on focused sprints of a 15–30-day period where the team creates an increment of potentially releasable software. Potential functionality for each sprint is agreed at a *sprint planning meeting* from the *product backlog*, a prioritized set of high-level requirements. The sprint planning meeting is itself iterative, with the product owner stating their

requirements from the product backlog and the technical team then determining how much of this they can commit to complete during the forthcoming sprint. The term 'scrum' refers to a daily project status meeting during the sprint. See www.softhouse.se/Uploades/Scrum_eng_webb.pdf for an overview of the process.

The principles of agile development are encapsulated in the *Agile Manifesto* (http://agilemanifesto.org/), which was agreed in 2001 by proponents of previous rapid development methodologies including the Dynamic Systems Development Method and Extreme Programming. The Agile Manifesto is useful in illustrating the principles of agile programming which it contrasts with traditional approaches. The text of the manifesto is:

> ***We are uncovering better ways of developing software by doing it and helping others do it.***
>
> ***Through this work we have come to value:***
>
> - ***Individuals and interactions over processes and tools***
> - ***Working software over comprehensive documentation***
> - ***Customer collaboration over contract negotiation***
> - ***Responding to change over following a plan.***
>
> ***That is, while there is value in the items on the right, we value the items on the left more.***

Change Management

Siebel's (2003) six change-management levers borrow heavily from generic change management and can readily be applied to a CRM implementation:

1 *Compensation and rewards*

- Performance evaluation and improved structures – these need to be created to promote customer-centric behaviour. Better understanding of the customer enables better service delivery. For example, customer satisfaction might be added as an evaluation criterion for employee performance, in addition to the more

traditional measures such as number of sales achieved or number of service calls resolved.

- Staff incentives to improve data quality – for example, a bank ran a competition to identify the member of its call-centre staff who collected the most customer email addresses, since this field in the database had poor coverage. Similarly, sales representatives can be given incentives to record details of customer visits more accurately.

2 *Boss's behaviour*

- The actions, attitudes and decisions of a supervisor, manager or executive effect change within an organization.
- It is incumbent on managers to be aware of their role in supporting change. A top-down approach, where the most senior managers actively support change and encourage this attitude in the managers who report to them, seems to be the most practical approach. This can then be cascaded down the different levels of a large organization.
- Performance review and evaluation can be used to control behaviour.

3 *Policies and processes*

- Changes to policies and processes required by a new system must be identified early, defined clearly and communicated to staff. It must be acknowledged that e-CRM is not just 'a new software tool', but also 'a new way of working'.
- The changes to sales processes need to be documented and the implications explained to staff. Examples of staff activities that need to be redefined concerning a sale system are initiating and closing sales opportunities, addressing customer complaints and managing partnership relationships.

4 *Training*

- Many e-CRM projects don't provide employees with adequate training.
- Formal software training is not the only approach; mentoring in the workplace by more skilled staff can be very effective.
- Adequate help systems, built into the software and available on the web systems, and access to organization-specific help-desk staff are also important.

5 *Communication*

- Communication should have sufficient frequency and depth. It should be ongoing, keeping staff informed throughout the implementation, including the phase when the system becomes live and problems are often encountered.
- Frequent communication can be achieved using diverse media – a mix of non-verbal and verbal communications including 'employee portals, emails, broadcast voicemails, newsletters, memos, videos, luncheons or breakfasts, meetings and speeches!'
- Non-verbal communications are sometimes neglected, but are useful to communicate the importance of the new system.
- The importance of two-way communication is emphasized. Meetings should solicit feedback from employees on their concerns and explain their role in supporting and facilitating change.

6 *Organizational structure*

- The existing structure must support open communication to promote change – it must facilitate collaboration, aiming towards the ultimate goal of serving the customer better. Making minor adjustments to reporting lines and the mechanics of team collaboration is a sign that communicates senior managers' expectations that the people in the organization work together to achieve change.

- Cross-departmental collaboration during implementation is a further issue for e-CRM projects – it is often unclear where project ownership lies. Is it the marketing department, the operations department (for customer service), the IT department, the customer information manager or a member of senior management? To resolve this problem, it is important that one clear owner of the project is established and that he or she is at director level.
- A change or project team involving the different stakeholders needs to meet regularly to manage change and control the project.

To quote Siebel:

> ***The influence of top executives is required to overcome the cultural resistance, organizational inertia, political battles, disagreements and other similar challenges that crop-up when considerable cross-organizational change takes place. Since resistance attributed to internal factors plagues CRM projects and frequently contributes to their failure, strong executive sponsorship and commitment to enforce change in the face of criticisms and organizational discomfort is an imperative.***
>
> ***(Siebel, 2003)***

9.12 Managing data quality

Data quality is likely not the most interesting area of managing digital marketing, but as we highlighted in Chapter 8, Section 8.10, it is a common problem which limits companies' abilities to personalize their communications. The Econsultancy email marketing census (www.econsultancy.com/reports/email-census) regularly rates it as the biggest challenge in email marketing. We think this highlights a lack of ownership and management of data quality.

All marketing managers should understand the principles of data quality and put in place approaches to improve quality.

The list below gives the main attributes of data quality. For example, for a geographic location for a customer defined by a postcode or zip code, the aspects of data quality are as follows.

1. *Accuracy*. This means that the data correctly define the event or object which they describe. For a postcode, accuracy means does the postcode actually describe where the person lives? Data could be inaccurate if the customer has moved address since the data were collected; i.e. the data are out of date.
2. *Completeness*. This refers to whether all the data are present. A company could profile its postcode or zip code field for completeness. It may find that these are only recorded for 80 per cent of customers. This means that is difficult to identify where a fifth of customers live. This is important for targeting relevant communications to them which are often based on the lifestyle of people living in a particular area.
   This can be achieved through a common customer profile – a definition of all the database fields that are relevant to the marketer in order to understand and target the customer with a relevant offering. The customer profile can have different levels to set targets for data quality (Level 1 is contact details and key profile fields only, Level 2 includes preferences and Level 3 includes full purchase and response behaviour).
3. *Validity*. This means that the data fall between acceptable ranges defined by the business. For a postcode, there will be a standard format in every country that is required for valid data. Validity does not necessarily mean the data are accurate. For example, customer birth dates must be within a defined range such as from 1900 to the present day, but are inaccurate if the birth dates are not correct for some reason. Validity is sometimes defined as congruence with business rules. Form validation rules on a site can improve this.
4. *Consistency*. This means that the data elements are consistently defined and understood. With a UK postcode, for example, some people entering the postcode 'DE22 1GB' may not realize that a full postcode is required and may have entered just 'DE22' – the postal area.

Consistency is particularly important where different sources of information are used in an analysis. For example, are customer enquiries measured in a similar way in different countries?

A structured approach to customer data capture is needed, otherwise some data may be missed, meaning we can't target accurately. Witness the case of the utility company that collected 80,000 email addresses, but forgot to ask for the postcode for geo-targeting!

Section Summary 9.12

Managing data quality

The quality of data is important to enable targeting and the delivery of relevant communications, but often it isn't managed proactively. Make sure you have methods of defining data quality and responsibilities for reviewing and improving it.

9.13 Digital business security

There are thousands of hackers, vandals and viruses at large at any given time. It's disturbing, whether you are concerned about the privacy of your personal data, or the potential risk to your organization. Businesses and customers get damaged. Kids, con-men, criminals and competitors – not to mention pressure groups, political groups, government intelligence agencies and many more – want to break through security systems.

In the corporate world, popular targets for activists include: large corporations, news outlets, banking/finance, hate groups, political sites, e-commerce, personal/credit-card data, computer security sites. What's left?

The excitement of building a new dynamic digital business, combined with the race to market, exposes many companies to significant new risks. This is because the extended enterprise opens up systems and data to external parties. Poorly designed systems thrown together by technical whizz-kids often ignore the wide variety of risks lurking out there.

Organizations can be accused of negligence for breaches of privacy/security. So apart from damaging customers' trust in your organization, security lapses can mean that company directors end up in court if they are deemed to be negligent in their responsibilities towards good security.

Although usability and accessibility are popular issues, we don't see much about security. Good web site management needs to build in security policies, security reviews, security testing and auditing, as well as planning for business continuity in case of 'disaster recovery' and emergencies. Remember, the earlier security is discussed, the cheaper it becomes to manage risks. Also integrate security into any testing programmes.

Digital Business Security Threats Security Threats

Check the list of different types of security breach. You will know of some of these risks, but who is responsible for managing the threats to your organization and are they covering all the bases? These are some of the threats:

- *Credit-card fraud.* Imagine having your card details sucked into cyberspace and used by someone else. Or imagine customers denying receipt of goods delivered. Almost half of Visa's card disputes are Internet-related. Elsewhere it's higher. For the e-tailer, the percentage of fraudulent purchases on sites can run to double figures. Phishing attacks where SPAM emails encourage users of secure services, such as

banks, to divulge their security details are still widespread because some new consumers fall for them.

- *Distributed denial of service (DDOS).* This effectively denies access to your site when hackers flood network routers from lots of different sites with an overwhelming amount of traffic to targeted web sites. They effectively shut down the sites.
- *Cyber graffiti.* Hackers can alter your web site, insert nasty images, false information, false testimonials, and even direct customers to another site. Non-hackers can put up rogue sites sounding very similar to your own and attract lots of your customers. Spot the difference between: Investsmartindia.com and Investmartindia.com.
- *Botnets or alien computer control.* If you have a permanent Internet connection (cable or ADSL), you're constantly open and vulnerable to the outside world. Any hacker can easily gain access to your computer by using network scanning tools which track poorly protected systems. Then an alien or remote third-party software controls your PC and forms a botnet of 'Zombies' used for phishing scams or DDOS. If you have the right contacts, you can hire a botnet at a few cents per PC!
- Your web site is used to *host and distribute other unauthorized software*, some of which may damage other users' computers (even a simple response form for an enquiry could have some hidden code placed by a hacker so that it deletes database information or sends emails to everyone in your address book). Remember that social media Web 2.0 can increase your vulnerability to hackers.
- *Chat room undesirables.* Even without permanent connections, your chat rooms can be invaded by uninvited and unwanted third parties such as racists. They post obscene messages or more subtle racist arguments to often vulnerable audiences.
- *Intellectual property theft.* On top of this, theft of intellectual property happens all the time – software, music, information downloaded, copied and passed on. Sometimes it's duplicated and sold commercially by unauthorized pirates. Worse still, pirating is effectively legal in some countries where there is no IPR law.

- *Competitive information.* Another type of intellectual property also gets stolen – sensitive company information, particularly competitive information and databases of customers.
- *Anything that damages your data can have huge legal implications*, since without properly used back-up systems, directors can be liable for any damage to their own business caused by a virus.

Apart from damage done to the business, security violations can also end in downstream negligence litigation.

We see much more about usability and accessibility nowadays than several years ago, but who asks about security?

Digital Business Security Solutions

Good security starts with a security policy. Do you have one? System security is part of a wider security policy that should include physical (lost laptop, stolen PC) and procedural security (to avoid disaffected employees deliberately formatting a disc or sending information out).

It's good to build security into the design of a digital business early as it's hard to retrofit security to an operational system under attack.

Tough decisions are required; e.g. convenience and security don't always work together; passwords are a nuisance, but do offer at least a minimal level of security. Equally, risk can be reduced by asking customers to pre-register before purchasing anything or clearing payment before goods are despatched.

There are many other technological, physical and procedural controls required:

- *Contracts*. Clauses that define the security processes to be used may have to be incorporated into contracts with companies you do business with online.
- *Trend and exception monitoring*. Visa contacts cardholders if any 'out of character' purchases are made and American Express offers temporary numbers that are valid for a predetermined (1–2 hours) shopping period and amount.
- *Public key technology and cryptography*. Web servers and browsers can be set up easily to encrypt or seal all communications. Public key encryption basically confirms the identity of an individual or company as established by an intermediary trusted by your company; it proves that a transaction originated with that individual or company, so it cannot subsequently be denied (often called non-repudiation) and seals data, such as transactions or emails, to prevent the contents being altered.
- *Intrusion detection routines*. These scan for attacks such as denial of service or access to a site via a competitor. They are often part of a *firewall* solution which is a specialized server at the gateway to a company that is used to keep out unwanted intruders.
- *Virus scanners*. These should be set up to monitor continuously and be kept updated to the latest version.
- *Audit trails*. You need to record good audit trails of key events, with particular security-related events and transaction records. Do you audit the information that should be retained to help resolution of disputed electronic transactions?
- *Back-up*. Back-up is crucial if your business depends on being online. Do you have good backup and recovery procedures? Is your web site content stored separately?

The best systems in the world aren't going to help if people don't use them properly. A security solution is only as strong as its weakest link and lapses such as assigning 'no brainer' passwords like 'password' or the day of the week create gaping holes for even the most novice hacker.

Section Summary 9.13

Digital business security

There are many security challenges out there including:

- Credit-card fraud
- Distributed denial of service
- Web site defacing
- Computer viruses
- Undesirables populating your chat rooms
- Intellectual property theft
- Sensitive data theft.

Fortunately there are many solutions, from firewalls to filters and encryption. But remember, constant vigilance is required in this fast-changing online world.

Chapter Summary

1. Digital marketers need to be adept at change management. Identifying relevant changes, making the case for change and then implementing change within an organization.
2. To manage digital marketing in a medium-sized to large organization, the integration with digital business services such as intranets and extranets need to be managed also through collaboration with colleagues.
3. Many companies are now considering social business and social CRM as a way to improve collaboration internally and to harness the insights from customer and partner interactions.

4. To help develop a roadmap of enhancements to marketing, capability assessment of the overall digital strategy and individual channels is a useful approach.
5. To help make the case for digital marketing, quantitative models such as conversion budget models and lifetime value models are recommended.
6. Depending on the type of business and the competence of competitors, different supplier arrangements may be appropriate ranging from a full-service marketing agency through a specialist digital agency or one skilled in managing individual communications channels such as SEO or social media marketing.
7. Great tools existing for optimizing online customer experiences using techniques such as web analytics, A/B and multivariate testing. The right people, process and tools need to be in place to make the most of these tools.
8. Likewise, tools for automating different aspects of online communications such as web personalization, email personalization and media buying are available, but their use needs careful planning to define the right business rules.
9. The digital marketer is a champion for providing great multichannel customers. As such they should ensure that data quality, privacy and security are adequate to meet the needs of customers and the brand.

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Reports evaluating digital business activity and consumer adoption across the European Union.

Marketing Experiments (www.marketingexperiments.com). Gives examples and explains best practice for optimizing digital marketing.

MIT Center for Digital Business (http://ebusiness.mit.edu). Created by MIT's Sloan School of Management, it contains summaries of over 50 university-sponsored research projects on digital business and e-commerce.

Ofcom (http://stakeholders.ofcom.org.uk/). The UK Office of Communication has an annual Communications Market report on the adoption of digital media, including telecommunications and the Internet (including broadband adoption), digital television and wireless services.

Optimize and Prophesize (www.optimizeandprophesize.com). A blog focusing on practical optimization approaches for paid search and landing pages.

Self-test

1. Devise an explanation of digital business for a colleague in the context of your organization.
2. How should a company review its capabilities for digital marketing?
3. Explain and contrast the relevance of the concepts of social CRM and social business for an organization.
4. Outline approaches to make the business case for investment in digital marketing.
5. Describe the situations where you think a single digital marketing agency is preferable to the use of different specialists.
6. Describe some of the alternative structures for digital marketing within an organization.
7. Explain why data quality is important in digital marketing and approaches to manage it.

Chapter 10
Digital marketing plan

> There's no point rowing harder if you're rowing in the wrong direction.
>
> *Ohmae (1999)*

Overview

Digital marketing planning involves marketing planning within the context of the online business environment. So, not surprisingly, the successful digital marketing plan is based on and integrated with traditional marketing disciplines and planning techniques, adapted for the digital media environment and then mixed with new digital marketing communications techniques (which include listening as much as 'talking'). This chapter shows you how to create a comprehensive, integrated Digital marketing plan, based on the well-established principles of the SOSTAC® Planning System (Smith, 1996).

Overall Learning Outcome

By the end of this chapter, you will be able to:

- Draw up an outline integrated digital marketing plan
- Analyze the situation
- Draw up realistic objectives

- Begin to develop sensible strategies
- Develop appropriate tactics (mix)
- Understand the importance of excellence in execution (and the need for internal marketing)
- Control, monitor, measure, report and adjust.

CHAPTER TOPIC		LEARNING OBJECTIVE
10.1	Introduction	Describe the context and main components of a digital marketing plan
10.2	Situation analysis	Assess your performance within the online and multichannel marketplace
10.3	Objectives	Model and define SMART commercial and communications objectives for the digital marketing plan
10.4	Strategy	Explain the difference between strategy and tactics, and understand the components of strategy
10.5	Tactics	Select the relevant digital communications channels that can be deployed as part of tactics
10.6	Actions	Execute the tactics with excellence
10.7	Control	Build in a review process to your plans based on web analytics and management dashboards
10.8	The 3Ms resources	Identify the key internal and external resources required and allocate these to achieve your digital marketing objectives

10.1 Introduction to digital marketing planning

By the end of this chapter, you will know what a digital marketing plan is, its key components and how they fit together. Without a realistic plan, an organization drifts unknowingly and can end up anywhere – usually

sinking, without cash and without direction, just like so many of the 'dotbombs'.

Benefits of planning

Planning is essential. It helps you to stop constant fire-fighting, desperately searching for funds, panicking and paying higher prices (like rush rates). Planning puts you in control and reduces stress. It also gives direction and a reassuring sense of order (and good management) so the team can follow the plan and work in harmony.

Many types of plans

There are many types of plans. Business plans incorporate the long-term corporate strategy which includes diversification and acquisition strategies, systems and funding. There are marketing plans that must help to fulfil the overall business objectives. Then there are digital marketing plans which have to integrate with the offline, traditional marketing plan. And then there are smaller more detailed campaign plans; e.g. an integrated social media campaign.

Digital marketing plans do not occur in isolation. In fact, they are most effective when integrated with offline marketing communications channels such as offline ads, PR, telemarketing, direct-mail or face-to-face selling. Online channels should also be used to support the whole buying process from pre-sale to sale to post-sale and the continuing development of lifetime customer relationships.

How different plans fit together

Although the digital marketing plan addresses customer acquisition and retention using digital tools, the digital plan must support the overall goals and direction given by the overall marketing plan, which in turn, must support the goals and direction given by the overall business plan (which can include plans for growth including business acquisitions, product extensions, product withdrawals, etc.).

Digital marketing plans can span across an organization's many different functions; e.g. customer feedback, customer service, product enhancement, sales, finance/payment, delivery, administration and 'marketing', and, of course, human resources (HR). Some HR teams, like Paddy Power's, only recruit marketing people with experience in mobile marketing. Other companies try to recruit people who are comfortable with communicating via a wide range of digital channels. Many digital marketing plans tend to be linked strongly to marketing communications only. The reality is that any digital marketing plan needs to be a part of the marketing communications plan, and it should also be part of the bigger marketing plan. Needless to say, the digital marketing plan should also fit in with any digital transition plans (see Chapter 9) and must of course support the overall business plan's goals and direction.

For a traditional business, an overall corporate or business plan covers systems, procedures, resources and structure, while a marketing plan covers the customer experience (CX) (from everything online and offline), sales, distribution, communications, delivery of the product or service and the constant improvement of the products, services and overall CX.

The digital marketing plan can highlight and review opportunities for business growth by targeting new audiences, new geographic markets or through introducing new products and services. Companies which have successfully used digital to grow sales have used a cost-effective online presence coupled with the right investment in digital media to exploit new

opportunities. For example, digital has helped companies like easyJet to launch new services in many countries where sales are serviced online.

Long-term plans versus short-term plans

Many organizations have short- and long-term plans or roadmaps. Ultimately they must integrate the goals, the timeframes and resources required. We can distinguish between 90-day plans, short-term (one-year) plans, medium-term (two- to three-year) plans and longer-term (three- to five-year) plans. Some companies, like Mainstream Renewable Power, have 50-year plans, not unlike Japanese companies (reported some years ago by Philip Kotler). These companies have plans that go beyond the lifetime of their CEOs and their board. Interesting isn't it?

All these types of plans can use SOSTAC®. For example, consider the strategy and tactics sections. Strategy gives clear guidance and direction as to how the objectives will be achieved (and therefore gives direction for all subsequent tactical details). Strategy for a short-term plan summarizes how the one-year objectives will be achieved, while strategy for a long-term plan summarizes how the long-term objective will be achieved. P.R. Smith's SOSTAC® was listed in the top three models worldwide by the Chartered Institute of Marketing's Centenary Poll (2011). Since then it has been used all around the world (Smith, 2016a).

Some feel that strategy is, by definition, deemed to have a longer-term and a more enduring perspective, while tactics are shorter-term and more flexible.

Longer-term digital marketing plans should place emphasis on three key areas: first, early identification of significant changes/trends in the macro-environment and changes to competitive forces in the micro-environment; second, developing and communicating value propositions for customers to meet commercial goals for contribution from digital channels; and third, definition of changes to the resources, processes and structures to support

digital marketing including people resources (skills and agency), technology infrastructure and database architecture to deliver these value propositions. In large organizations, this third aspect is often defined in a separate *digital transformation plan* or *roadmap* and focuses on facilitating the change management needed to move from a traditional marketing operations and campaign orchestration to a new process with digital at its heart. Digital transformation plans are a staged programme of business improvements to people, process and tools used for integrated digital marketing to maximize the potential contribution of digital technology, media and new business models to business growth.

New technologies such as integrated, data-driven, customer relationship management (CRM) systems that deliver customized communications, can take several years to specify, select and implement, and so need to go on a long-term roadmap. Database, CRM, integration of digital business architecture and business processes are all long-term when making plans and major decisions.

The shorter-term operational digital marketing plan addresses the mix of communications techniques such as search marketing and online advertising (Chapter 7), used to acquire new customers, and the tools used to engage and retain customers online such as incentive programmes and customer contact strategies delivered through opt-in email marketing integrated with traditional direct media such as phone and direct mail. So let's have a look at SOSTAC® planning.

SOSTAC® Planning

SOSTAC® is a simple aide-mémoire. It is used by thousands of professionals to produce all kinds of plans – business plans, marketing plans, digital marketing plans, advertising plans, even HR and health and safety plans (and, we even discovered recently, a wedding plan).

SOSTAC® stands for: Situation analysis, Objectives and Strategy, Tactics, Action and Control (see Chapter 1, Figure 1.1).

- *Situation analysis* means 'Where are we now?' For multi-channel marketers, how many of your customers are buying or influenced online? Full customer analysis answers the questions, 'Who, Why and How' (there's more on these later). What is the growth forecast? What are your competitors doing? What is the impact of the new intermediaries? What's working for them? What seems to work online and offline and what seems not to? How have you performed online? What's changing in the online world? Half of your plan needs to be devoted to this section as it helps you to make more informed important decisions later.
- *Objectives* mean 'Where are we going?' or 'Where do we want to be?' Why go online? What are the benefits, what is the purpose of going to all of this effort? Remember the 5Ss (Sell, Serve, Speak, Save and Sizzle)? Plus we can add the key performance indicator (KPI) pyramid (from return on investment (ROI) to market share, to sales, to enquiries, to visitors etc.). Good objectives are quantified and also contain strict timescales.
- *Strategy* means 'How do we get there?' Strategy summarizes how to fulfil the objectives. It is the shortest part of the plan, but arguably, the most important, as it gives direction to all the subsequent tactics. How will sales be delivered? Which trends are we responding to? What positioning will be chosen? Which segments will be targeted with which propositions? What communications strategies will be used to support customer acquisition, conversion and retention? Which media mix will be used to acquire new customers, and which contact strategy will be used for customer retention and 'share of wallet' growth?
- *Tactics* are the details of strategy (the marketing mix, communications mix and channel mix are the tactical tools) and here we add more detail. Highlighting on, say, a Gantt chart, exactly which tactics occur when there is, for example, the execution of Pay Per Click ads or a

series of opt-in emails. What level of integration is there between tools, database and e-CRM? Tactics explain how to implement the strategy.

- *Action* is the detailed working out of tactics. Who does what, when and how? What processes are required to make things happen? Each tactical e-tool is a mini project that needs to be managed. What actions have to be taken to create and optimize a web site, to develop a Pay-Per-Click campaign, an opt-in email campaign? Everything degenerates into work! Arguably, this is the weakest part of the planning process for most companies (as identified by Bossiddy and Charan, 2004). Internal marketing is required (motivation, communication and training to ensure excellent execution). This is often the weakest link where managers forget to allocate time and resources to explain to their own staff and motivate them to execute the actions with passion and pride.
- *Control* identifies what you need to measure (metrics), when and what happens when you see a blip. The control section of the plan ensures you know whether you are succeeding or failing – before it is too late. This is where analytics systems measure and monitor regularly the key online measurables – visitors, durations, enquiries, subscriptions, sales, conversion rates, churn rates, loyalty levels and more. Control needs to be built into a plan; i.e. who reports on specific control criteria (e.g. usability testing, web statistics analysis and external trend spotting) and how frequently.

Figure 10.1 SOSTAC® planning explained in four minutes

Source: www.SOSTAC.org

Note: half the plan should be devoted to the situation analysis. Much of the detail can be put into appendices.

Best Practice Digital Marketing Tip

SOSTAC® is a simple, logical system that delivers a reassuring sense of order and creates a structure that allows departments, divisions and different products to use the same planning template, which, in turn, allows product plans to be aggregated into a single master plan more easily.

Figure 10.2 PR Smith's SOSTAC® Plan

Your digital marketing plan should also be reviewed and revised frequently. Quick reactions are required. If something isn't working – find out why and change it. Constantly improve. In addition to regular detailed measurements, review your overall plan once a quarter and be prepared to revise and re-present it to senior management every six months.

Don't forget, a plan without resources will fail. So you need to budget for the 3Ms, the three key resources. These are:

- Men (and women) – human resources
- Money – budgets
- Minutes – timescales and time horizons for production, delivery, service, etc.

All aspects of SOSTAC® must be thought through. The next sections will take you through each of the SOSTAC® and 3Ms concepts. At the end, you

will be able to plan your digital marketing with confidence.

Section Summary 10.1

Introduction to digital marketing planning

Digital marketing plans must support, and be integrated with, marketing plans and eventually with business plans. SOSTAC® stands for: Situation analysis, Objectives and Strategy, Tactics, Action and Control. The 3Ms are: Men (and women – the human resource), Money (budgets) and Minutes (timescales).

10.2 Situation analysis

Situation analysis is the first part of the digital marketing plan. It answers the question 'Where are we now?' After this you can define where you want to go (see the objectives in Section 10.3). A thorough situation analysis is the foundation of a great plan. This section is taken by kind permission from *SOSTAC®: The Guide to Your Perfect Digital Marketing Plan* (Smith, 2016a) and defines exactly what you need to include in your situation analysis.

Arguably, the greatest marketing book ever was written over 2,000 years ago. The Chinese military strategist Sun Tzu wrote *The Art of War* (translated version Wing, 1989). Most senior marketers have a copy of it on their shelves. It has become a classic read, particularly for some enlightened marketing managers. Interestingly, confrontation, or war, is seen as a last resort and the best military strategies win the war without any bloodshed. They win wars through intelligence.

Sun Tzu effectively confirms why the situation analysis needs to be comprehensive.

Here's an excerpt:

> ***Those who triumph,***
> ***Compute at their headquarters***
> ***a great number of factors***
> ***prior to a challenge.***
>
> ***Those who are defeated,***
> ***compute at their headquarters***
> ***a small number of factors***
> ***prior to a challenge.***
>
> ***Much computation brings triumph.***
> ***Little computation brings defeat.***
> ***How much more so with no computation at all.***
>
> ***By observing only this,***
> ***I can see triumph or defeat***
>
> ***Sun Tzu, The Art of War (circa 776 BC–471 BC)***

'Much Computation' or much analysis is required. The better the analysis, the easier the decisions will be later. Decisions about strategy and tactics become a lot easier when you know your customers, your competitors, your competencies and resources as well as market trends. That's why half your plan should be devoted to the situation analysis. It doesn't have to be at the front of the plan (you can dump a lot of it in the appendices) but the detailed analysis must be carried out if you are to succeed.

The first year you do this analysis will be particularly challenging, but as you find better (and often free) resources for highly relevant information, this analysis gets easier, the intelligent information gets stronger and, consequently, you make better informed decisions. This ultimately boosts your results.

There is a plethora of new listening tools available to marketers (many are free). Although traditional market research is still useful, there are faster ways of monitoring online discussions and analyzing customers, competitors and spotting trends.

All marketers need to monitor, analyze and engage in these conversations since the old 'shouting' model (advertising and PR) is no longer as effective as it once was. Today's marketing models involve careful listening to customers (and prospects) online (as well as offline) and giving fast responses to changing moods, needs, issues and trends that are occurring online continually. Marketers don't have a choice. This is not a luxury set of tools. These new listening tools are 'must haves'. See Smith (2014c).

What does the Situation Analysis Include?

We need to analyze both internally and externally – within the organization and the business environment affecting our online business situation.

Your situation analysis should contain a thorough analysis of:

- Customers
- Competitors
- Partners (and intermediaries)
- Competencies (including competitive advantage)
- Performance/Results (KPIs and strengths and weaknesses)
- Market trends (Political, Economic, Social and Technology (PEST) factors identify opportunities and threats)

Customer analysis

Essentially you need to know customers better than they know themselves. Master these three big questions: 'Who?', 'Why?' and 'How?'

You'll find that most questions about customers will fall into these three categories. So if you can master these questions, by which I mean, get detailed answers, then you'll find choosing channels and marketing tactics a lot easier, and your marketing results will, ultimately, improve.

'Who' usually gets the weakest answer

Who exactly is my ideal customer or visitor (or prospect or decision maker)? This is often unclear or even undefined when making marketing decisions. What kind of traffic do you want to attract? What is the profile of existing customers? How can you find your ideal customer if you don't know who they are?

'Why' is the most difficult of all three questions

Customers often don't know and don't tell you 'why' they buy or don't buy, or why they register or don't register, or why they follow, like, share, visit, stay, bounce (leave quickly) or return to your site. There are often unconscious reasons driving their behavior.

'How' do customers buy?

This includes, 'What is their digital journey?' or, if you prefer, 'What is their multichannel path to purchase?' What route do they take (via search engine, Pay Per Click (PPC) ads, website, referral site or any other mix)? How many visits? When do they search for information, when do they decide and when do they buy?

Become customer obsessed and master the 'Who', 'Why' and 'How' questions

You can categorize whichever way you prefer, but whatever you choose, Who, Why and How may help you to categorize and remember at least these three big questions. It may help you to remember many of the other questions you want to ask about your customers. Make your organization customer obsessed.

Now let's look at just a few of the sub questions which you must be able to answer.

WHO?

- Who is your ideal customer? Who is your worst customer? Define their profiles.
- Who are your visitors and what stage of the buying process are they at?
- Who are your followers?
- Who are your influential customers, visitors and followers?
- Who else is talking about your type of product (and what are they saying)?
- Who is attending a particular conference or event (and what are they saying)?

Ask your data and you shall receive. (The sources of the answers to these and other questions are listed in Smith, 2016a).

WHY?

- What are your customers' needs? What do they really want? Why do they buy?
- What do your customers like (or dislike) about your product/service?

- What are your customers' future needs?
- What are your visitors' needs and what are they interested in?
- Why do your visitors return to some sites and not to others?
- Why do your visitors not convert?
- What marketing content do your visitors specifically like?
- What marketing content do your influencers like?
- What part of your content (e.g. a webinar) does your audience like?

HOW?

- How do customers buy (what is their online journey)?
- How long and how many channels do your visitors use?
- What stage are your visitors at in the buying process?
- How many pages are ideal during a visit?
- When is the best time to post content and engage?
- How do your customers process information?
- How do customers prefer to view initial information?
- How do customers perceive your website?
- How do some videos work better than others?
- How do some words work better than others?
- What percentage of your visitors view your site on a mobile?
- How do customers see things differently on their mobile?

> ***Tying customer behavioral data from all online and offline sources with past purchase and customer service history to segment and communicate with the buyer in a personalized fashion previously only dreamed of.***
>
> ***(Eloqua, 2013)***

Buzzsumo, crowdbooster, Followerwonk, Google Analytics and Get Satisfaction are just a few of the excellent new listening tools that help to analyze your customers.

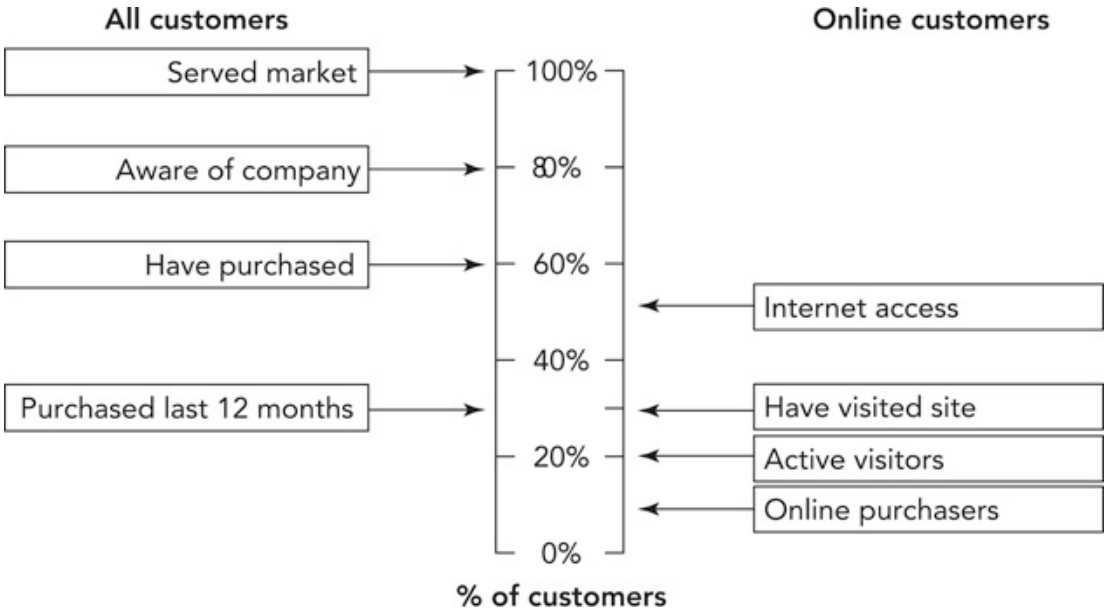

Figure 10.3 Assessing customer adoption of online services

Keep asking 'how are customers changing?' How many are online? Do you have a similar proportion of your customers buying online? If not, why not? Figure 10.3 shows the type of picture you need to build up of customer activity showing demand for your online services. This compares the role of online channels, such as the web site, as a means of reaching, influencing and directly delivering sales. We need to ask, how many customers buy exclusively online? How many browse online and shop offline? How many use price comparison sites? How many are happy to give you permission to email them, text message them or even snail mail them? Are the numbers changing? You should repeat this activity for different segments requiring different products. It is also useful for multi-channel businesses to compare the demographic profile of their online B2C or B2B audiences with their traditional offline audiences, as this should inform strategies to encourage adopters or non-adopters of digital channels to purchase more.

Competitor Analysis

This section is taken by kind permission from Smith (2016a).

You have to know your competitors. Who are they? What do they offer on their web sites that you don't? What are their strengths and weaknesses. How do they compete against you? How do you compete against them? Do you play to your strengths? Can you identify your competitive advantage (particularly from your customers' point of view)?

Part of your competitor analysis explores your organization's strengths and weaknesses (compared to your competitors). The external analysis, on the other hand, includes opportunities and threats (both direct and indirect) in the external market place, such as trends and competitor strategies and tactics. You probably refer to this as a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis.

So here are some questions you need to be able to answer about your competitors:

- How good are your competitors' websites?
- How good are your competitors' social media platforms?
- What social content works for your competitors?
- What Facebook content works for your competitors?
- What do customers say about your competitors?
- What keywords work best in your competitors' PPC ads?
- What inbound links are your competitors using?
- Do you have enough share of voice?
- How big are your competitors' marketing teams and budgets?
- What are people saying about your competitors?
- Who are your new content marketing competitors?

Hyper competition

Firstly, a warning: your business has moved into a new business environment – an environment packed with 'hyper competition'. You have

new, indirect competitors who you need to compete with using content marketing to gain visibility in the search results and social media. You are in a borderless market with competitors from all over the world. You are also in a category-less market with competitors from other business sectors trying to acquire your customers.

Once upon a time, supermarkets sold groceries and petrol stations sold petrol. Today supermarkets sell petrol as well as pet insurance, BBQs and clothes, while petrol stations now also sell groceries, DVDs, fresh coffee, internet connection and more. We live in a category-less world determined by strength of brand and the ability to grow via share of wallet (selling a wider range to the same customer) rather than just share of market. Does the iWatch compete with Samsung, Swatch or Amazon?

Amazon and eBay mobile apps invite customers, while in another store, to scan in a product to see how much cheaper they can get it via the app (plus they deliver it to your door). So retailers have to have even better apps to compete inside your hyper competitive pocket. Meanwhile Amazon can target ads at customers within a radius of one mile of a competing store.

Competitors' targeting your customers, your followers, your visitors

Both Facebook and LinkedIn enable competitors to target their ads by age, interests, location or company. They can even target their ads at your employees (LinkedIn), your fans (Facebook) and even your website visitors (Google and other ad networks). 'If a retailer is not motivating people to use its app in-store, their customers may use a competitor's instead' (Gray, 2010).

Monitor your competitors

You can monitor your competitor's website traffic, favorite pages, inbound links, key phrases, key phrases that work in organic search, key phrases that work in online ads, and so much more. You can also find your competitors' customers and prospects by attending a conference or an event (even a competitor's conference or event).

Alexa.com, Hitwise.com and Compete.com are just a few of the tools out there to help you with your analysis.

Digital Marketing Insight

Hyper competition hits the high street burger chains

We know you are going to go to Burger King because you tweeted 'going to #BurgerKing'. Competitors that are monitoring and data-mining real-time conversations can offer you McDonald's coupons before you arrive at Burger King.

> ***The real act of discovery consists not in finding new lands, but in seeing with new eyes.***
>
> ***(Marcel Proust)***

Partners and Intermediaries Analysis

This section is taken by kind permission from Smith (2016a).

Your situation analysis should also include an analysis of your partners to see which works best whether they are intermediaries (e.g. retailers) or other strategic alliances (marketing marriages) giving you new routes to market. 'Partners' are the eighth P when talking about the marketing mix. Partners

require resources; e.g. clear communications to manage, measure and nurture partner relationships, hence some organizations recognize this and have partner managers and partnership directors.

- Intermediaries – such as price comparison sites or aggregators
- Affiliates – your network of sites that promote your product
- Influencers – your network of bloggers, journos, tweeters
- Marketing marriages/strategic alliances – with partners whose brands add value to your customers and where target audiences overlap – sharing databases or campaign costs
- Link partners – partners who help to boost your search engine optimization (SEO)
- Syndication partners – partners who will share content online
- Advertising partners – whose sites share ad space in the long term.

A further issue is distributors such as online intermediaries: are there new intermediaries you could partner with, are your competitors already working with them?

Competencies Analysis

This section is taken by kind permission from Smith (2016a).

Your performance or results analysis will already indicate some of your strengths and weaknesses. However, it's good to know these before you start spending your budget and the results start coming in.

Here's a nice quick digital marketing capability analysis which you can take any time you are ready to face the reality of where you are, or your organization is, in terms of digital competencies. We introduced the visual in Chapter 9 (see Figure 9.4). It explores your digital marketing competencies in seven aspects across five stages using a score from one to five (five being 'optimized'):

- Your strategic approach
- Evaluation and performance improvement process
- Management buy-in to investment in digital marketing
- Resourcing and structure for digital including integration
- Data and infrastructure or platforms
- Integrated customer communications across Paid–Owned–Earned media
- Integrated customer experiences across desktop and mobile devices.

It helps you to know where your organization is from Stage 1 'Initial' (with no strategy, no KPIs, etc.), to Stage 2 'Managed' (with prioritized activities and some KPIs, etc.), Stage 3 'Defined' (with clearly defined vision and strategy, quality-based KPIs, partial integration of data and systems, etc.), Stage 4 'Quantified' (KPIs with weighted attribution, integrated systems, etc.) and Stage 5 'Optimized' (lifetime value KPIs, integral part of strategy, etc.).

Strengths and weaknesses

Strengths and weaknesses are internal. They are controllable internal variables like skill sets, brands, databases and a lot more. Your competencies are one of your strengths and weaknesses. What are you particularly good at and what are you weak at compared to your competition? Are you weak in aspects that are important to your market place? Remember reality may be different to perception. You may genuinely have the best product but if customers think (or perceive) that your competitor has a better product (even if they are wrong), that is real for customers! It is certainly worth exploring Urbany and Davis' perspective (see Smith, 2015) on how your competitive advantage may actually be perceived to be quite different by customers.

For a multichannel business, the integrated digital marketing plan should focus on comparing the strengths and weaknesses of the digital channel with other channels; i.e. it is a *digital media and technology-specific SWOT* (Strengths and Weaknesses are internal and controllable variables, Opportunities and Threats are external/uncontrollable variables). What do you think are your online strengths and weaknesses? Which tactical tools are you particularly good at using? What particular skills and assets do you have? You may review the following:

- *Customer database*. Is it large, live, clean and integrated? Can you deliver personalized communications (one-to-one) through every communications tool both online and offline?
- *Online customer care*. Is it sloppy or outstanding? Has your speed of response or speed of resolution increased or decreased? Do you measure it?
- *Web site*. Is it a user-centred design that is effective in converting visitors to outcomes? Do you use customer scenarios and usability testing?
- *Integrated database*. Does it link all online and offline tools together?
- *Opt-in email campaigns*. Are these generating results?
- *Web links*. Are referrals being generated from a range of sources?
- *Display ads or sponsorship*. Are clickthrough rates and customer acquisition costs favourable?
- *Mobile marketing*. What are your experiences (if relevant) with mobile phone campaigns?
- *Interactive TV*. If it's relevant to your marketplace, have you any experience with it?

Performance Analysis

Here we look at how we performed against our specific objectives (including KPIs). Similar to the competencies analysis, performance analysis will reveal

where the business is underperforming and where it is excelling, this time by examining our KPIs, which can include:

- *Unique visitors*. This is the number of separate, individual visitors who visit the site (typically over a month).
- *Conversion rates* to different goals. This is the percentage of visitors converting to subscribers (or becoming customers). This is critical to digital marketing. Let's take an example. Say 2 per cent of 5,000 visitors to a site in a month convert to 100 customers who place an order. £10,000 cost divided by 100 conversions = £100 cost per order. Now imagine you can double your conversion rate, or better still quadruple it to 8 per cent; you then get £25 cost per order. The leverage impact caused by improved conversion rates is huge – revenues go up and percentage marketing costs go down. We saw in Chapter 2 how you should define and score different conversion goals for different types of outcome.
- Total numbers of *sessions* or *visits* to a web site. Forget *'hits'* – these are a spurious measure, since, when a web page is downloaded to the PC, a number of separate data transfers or hits take place, usually one for each HTML and graphics file. Techies need to measure hits because this helps them plan the resources needed to run the sites efficiently; as an e-marketer, you should measure *page impressions* because that's one measure of customer traffic to your site, and for an advertiser it equates with other familiar measures such as 'opportunities to view'.
- *Repeat visits*. This is the average number of visits per individual. The total number of sessions is divided by the number of unique visitors. Update your site more often and people come back more often. *Cookies* can help track repeat visits. Remember to get permission before placing any cookies on someone else's PC.
- *Duration*. This is the average length of time visitors spend on your site (but remember that for some areas of the site, such as online sales or customer service, you may want to minimize duration). A similar measure is the number of pages viewed per visitor.

- *Most popular pages* or most popular product. These can be identified by seeing which pages are attracting the most traffic and the longest duration. Some large e-commerce and media sites watch this every day or even hourly so that when they see something popular, they lift the offer onto the home page to boost traffic even more for a period.
- *Subscription rates.* The number of visitors subscribing for services such as an opt-in email and newsletters.
- *Churn rates.* The percentage of subscribers withdrawing or unsubscribing (after you have emailed them).
- *Clickthrough rates (CTR).* From a banner ad or web link on another site to your own.
- *Social media engagement and ROI.* These are new social contacts, share of conversation, conversation polarity and sales influenced by social media as discussed in more detail in Chapter 5.

All of the preceding KPIs can be quantified and used as objectives, which can be constantly measured. Section 10.3 on objectives sets up the overall objectives and the more detailed KPI targets. Section 10.7 shows how your plan specifies how frequently each KPI is measured, and by whom, how much it costs (to measure it) and, most importantly, what happens when you see a 'blip' (something over-performing or even under-performing).

These metrics are considered as part of control (Section 10.7). This reveals the success of an organization's resources, processes and structure in delivering customer value, satisfaction and loyalty.

Isolated numbers are meaningless

Remember isolated numbers out of context are meaningless. Sales of £1 million – is this good news or bad news? If last year's sales were £500,000, then this is good news; but if they were £2 million, then this is bad news. Imagine the previous year's sales were £500,000, this year's sales are £1

million and the market had quadrupled in size? Although your sales have doubled, your market share has halved! This is bad news in the long run. So remember all indicators are relative – backwards and across – backwards over time – to see the trend (compared over previous periods) and across your industry – to see how competitive you are.

Additional KPI ratios of engagement through time can be derived from ABC Auditing for any site which uses a web analytics system; for example, in any particular period, a report can confirm the number of page impressions/volume (number of pages opened by all browsers) and unique browsers/reach (number of individual visitors on a particular device; note that one person accessing the site via mobile and then later via a laptop counts as two browsers) (see Table 10.2). Reports can also include average page views per visit and average number of visits per visitor. These can be related to site enhancements and marketing campaigns that occur at different times.

Digital Marketing Insight

Neil Mason of Applied Insights on measurement frameworks

As a consultant who helps customers improve their online business performance, Neil advocates the use of an online performance management framework to help focus an organization on its most important digital marketing KPIs or the 'measures that matter'. Table 10.2 (below) shows an example summarizing metrics for improving performance in different parts of the customer lifecycle from acquisition to retention. The rows indicate different forms of tracking metrics and performance drivers which will influence higher-level metrics such as the customer-centric key performance indicators (KPIs)

and business-value KPIs. In the bottom two rows, we have also added in typical strategies and tactics used to achieve objectives, which shows the relationship between objectives and strategy. Note, though, that this framework mainly creates a focus on efficiency of conversion, although there are some effectiveness measures also such as reach, profit and advocacy. We have added strategies and tactics to show how these should be based on achieving goals set in measurement. Use this as a checklist to assess which goals are relevant for you at the objective-setting stage of SOSTAC® and which KPIs should be used to assess performance at the control stage, using web analytics and management dashboards which include visual summaries of the KPIs.

Market Trends (Opportunities and Threats)

Digital marketing is overflowing with new opportunities and threats thrown up by the constant waves of change. These are external, uncontrollable variables such as trends in the marketplace generated by the PEST factors (see below) or competitors (new and existing).

Digital Marketing Insight

More insights into customers and competitors

You can also use the social media sites to explore customer types, brands and competitors from a different perspective. These include Wikipedia (www.wikipedia.org) – the user-generated online encyclopaedia; Flickr (www.flickr.com) – user-generated pictures of products and their ads; YouTube (www.youtube.com) – customer reviews and critiques, advertisements, spoof advertisements (including

'user-generated (dis) content' – or negative advertisements), press conference highlights; the Digg (www.digg.com) tech-news community – votes on stories they think are most interesting; Delicious (www.delicious.com) – an online favourite folder where members share their finds with other members. In addition, Google Alerts and Talkwalker.com track brands, companies and people or trends and deliver the headlines daily or weekly into your inbox. Lastly, the Wayback Machine (www.archive.org) allows you to see old web pages dating back to 1996 – if you were interested in tracking how an organization or a brand is changing over time.

So, effectively, the analysis is not a one-off annual analysis. It's an ongoing observation of your marketplace known as environmental scanning which includes regularly checking statistics, web sites, customer surveys, and reading reports.

The OT in SWOT, the external Opportunities and Threats, are churned up by the relentless tide of change. They can arise from the PEST factors:

- *Political* – laws or regulations that affect your online marketing, such as the UK Privacy and
- Electronic Communications Regulations (PECR)
- *Economic* – variables impact on all markets
- *Social* – the trends that shape future online behaviour
- *Technology* – are you abreast with developments? Have you got an overview of the emerging technology?

External opportunities and threats are also posed or presented by changes in aspects of the marketplace such as customer behaviour or new strategies pursued by intermediaries or competitors. We advocate summarizing the results of your situation analysis through an Internet-specific SWOT analysis. Remember, hyper competition has arrived in many markets where border-less and category-less businesses (competitors from other industry

sectors) have emerged. Even traditional competitors can compete in new ways, such as targeting your customers via Facebook and LinkedIn.

> ***Both Facebook and LinkedIn enable marketers to target their ads using the goldmine of demographic data they hold about users. Whether serving ads to users by age, interests or location, or targeting employees of a specific company or fans of a competitor brand.***
>
> ***(Manning, 2012)***

A digital SWOT analysis

This analysis can reveal typical opportunities and threats that are sometimes presented online for an established multi-channel brand. It also reveals tactics that may be required and it may even generate some ideas for strategic options.

Table 10.1 An Internet SWOT analysis for an established multi-channel brand

The organization	*Strengths – S*	*Weaknesses – W*
	1 Existing brand **2** E xisting customer base **3** E xisting distribution.	**1** Brand perception **2** I ntermediary use **3** T echnology/skills (poor web experience) **4** Cross-channel support **5** Churn rate.
Opportunities – O	*SO strategies*	*WO strategies*
1 Cross-selling **2** New markets **3** New services **4** Alliances/co-branding.	Leverage strengths to maximize opportunities – attacking strategy. *Examples:* **1** Migrate customers to web strategy	Counter weaknesses through exploiting opportunities – build strengths for attacking strategy. *Examples:*

	2 Refine customer contact strategy across customer lifecycle or commitment segmentation (email, web) **3** Partnership strategy (co-branding, linking) **4** Launch new web-based products or value-adding experiences; e.g. video streaming.	**1** Counter-mediation strategy (create or acquire) **2** Search marketing acquisition strategy **3** Affiliate-based acquisition strategy **4** Refine customer contact strategy (email, web).
Threats – T	*ST strategies*	*WT strategies*
1 Customer choice (price) **2** New entrants **3** New competitive products **4** Channel conflicts **5** Social network.	Leverage strengths to minimize threats – defensive strategy. *Examples:* **1** Introduce new Internet-only products **2** Add value to web services – refine OVP **3** Partner with complementary brand **4** Create own social network/customer reviews.	Counter weaknesses and threats: – build strengths for defensive strategy. *Examples:* **1** Differential online pricing strategy **2** Acquire/create pure-play company with lower cost base **3** Customer engagement strategy to increase conversion, average order value and lifetime value **4** Online reputation management strategy/e-PR.

Section Summary 10.2

Situation analysis

Your situation analysis should include a thorough analysis of your customers (who, why, how), your competitors, intermediaries, competencies, performance (KPIs) and market trends generated by the uncontrollable external PEST factors. Now you know where you are, the next section will help you to determine your online destiny – where you want to go (i.e. your objectives). When writing plans, half of your effort can go into your situation analysis as this will create a strong foundation for a great plan.

10.3 Objectives

While the situation analysis explains 'where you are now', objectives clarify where you are going – where you want to be. By the end of this section, you'll know what are realistic objectives in a digital marketing plan. There are many different approaches to creating sensible objectives.

The KPI Pyramid

Return on investment (ROI) is at the top, followed by sales, market share, customer acquisition/retention rates, etc. These are the 'C' Suite or board level KPIs. We are pleased to see net promoter scores (NPS) and sentiment scores being requested by some boards. Then come the secondary objectives for managerial reports. These include visitors, conversion rates, cost per lead, etc. At the base are more operational analytics for the analytics team, including page views, bounce rate, cost per like, etc. Some companies group their objectives slightly differently. This is not set in stone (even if it is a pyramid).

Figure 10.4 KPI Pyramid

Source: Originally by Pulizzi (2013) and adapted by Smith (2016)

Next, we turn the KPI pyramid upside down to make it into a funnel or sales funnel (see Figure 10.5).

We can then add on percentage conversion rates for each stage of the sales funnel. So if we know, on average, that 10 per cent of visitors have the right profile and say we get 1,600 visitors a month, we know then we will have, on average 160 prospects per month. If 25 per cent convert to becoming Hot Prospects (qualified leads) because their digital body language (click behavior) tells us they are really interested (having clicked and watched the complete product video + spent five minutes reading reviews and returned to read more reviews), we will then get 40 qualified leads per month. On

average, 25 per cent of hot prospects convert to becoming customers. This will generate ten new customers per month or 120 new customers per annum.

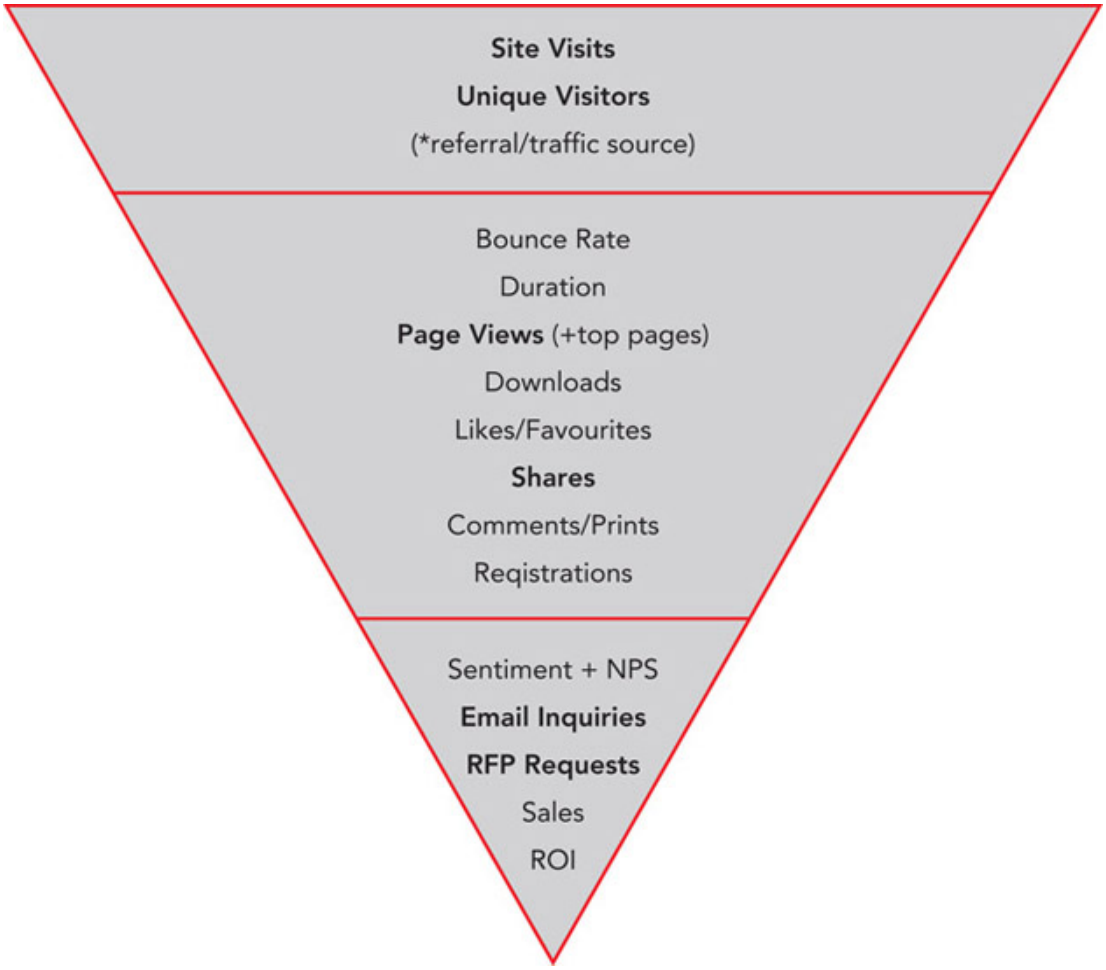

Figure 10.5 The KPI Pyramid becomes a sales funnel

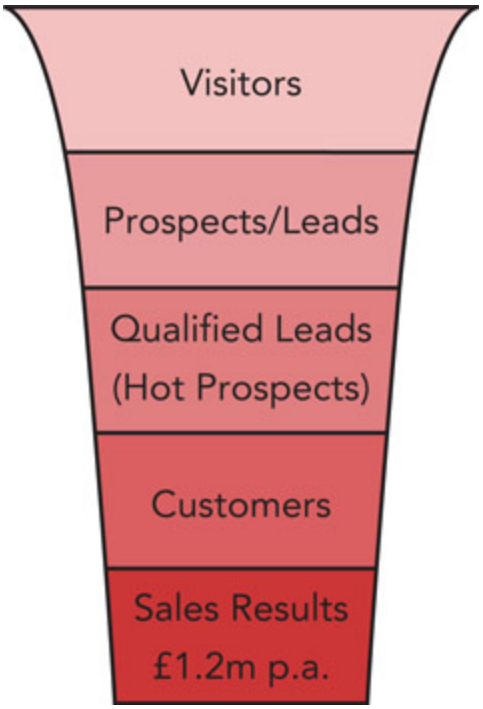

Figure 10.6 Classic sales funnel

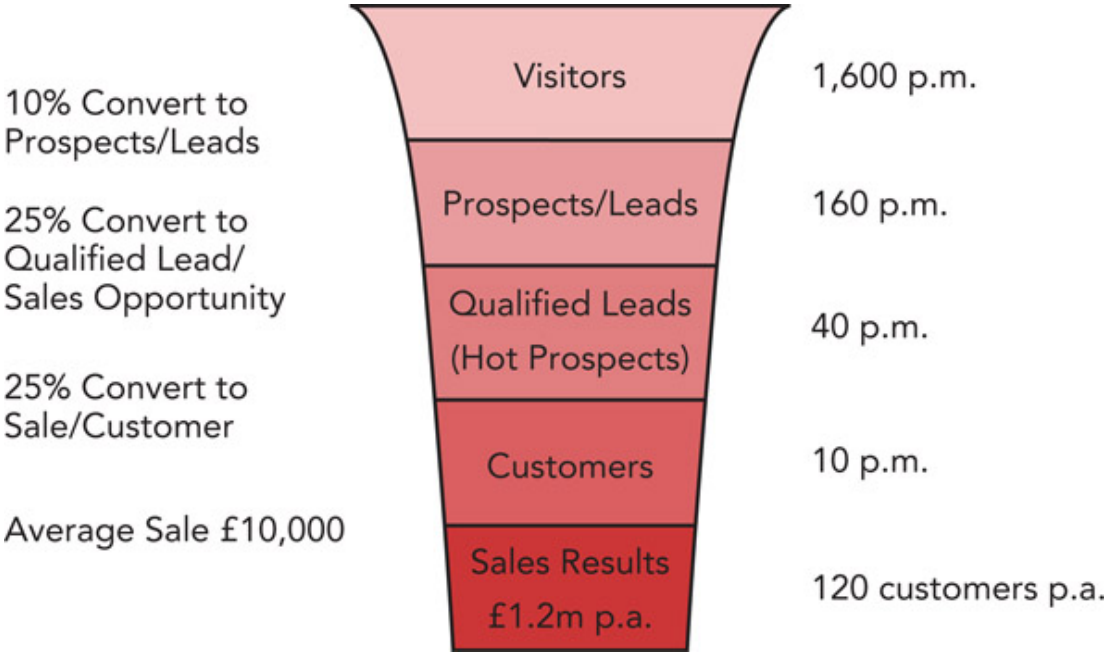

Figure 10.7 Classic sales funnel with conversion rates

The Big 4: Revenue, Margin, Satisfaction and Brand Value Objectives

One other approach to writing objectives is to really focus on the Big 4 objectives. If these four are on target then everything else should be ok too:

- Revenue/sales
- Margin/profit
- Customer satisfaction/loyalty
- Brand value/brand awareness/brand preference.

More detailed objectives are created for each. Consider sales and then consider brands.

Revenue/sales objective

A typical sales objective might be: 'To grow the business with online sales; e.g. to generate at least 30 per cent of sales online within six months.' Or 'To generate an extra £100,000 worth of sales online by December.'

These sales objectives can be further broken down; e.g. to achieve £100,000 of online sales by generating 1,000 online customers spending, on average, £100. If, say, your conversion rate of visitors to customers was 1 per cent, then this means you have to generate 100,000 visitors to your site (to convert 1,000 customers). You can use the KPIs mentioned in Section 10.2 to help you quantify the main objectives and the subsequent detailed objectives.

Specific targets for the *online revenue contribution* for different e-channels can be set for the future, as shown in Figure 10.8. Objectives should be set for the percentage of customers who are reached or influenced by each channel (or brand awareness in the target market) and the percentage of sales to be achieved through the channel. The online revenue contribution

should also consider *cannibalization* – are online sales achieved at the expense of traditional offline channels?

Brand awareness

Another major objective might be to build brand awareness; e.g. to create brand awareness among 50 per cent of your target market through online activities. Equally, it might be to use the online opportunity to create some excitement around the brand ('sizzle'). Interactive TV and text messaging come to mind as do reactive viral marketing techniques.

Customer loyalty

Another major online objective might be to consolidate relationships and increase loyalty from 50 per cent to 70 per cent among a high-spending customer segment over a two-year period. Or would you prefer to do this in one year? If yes, this will affect your strategy.

There are indeed, many types of objectives. They will, of course, be underpinned by either financial objectives (sales, number of enquiries/opportunities, number of visits, reach – see Figure 10.3), or communications objectives (positioning, branding, awareness, e-CRM).

The 5Ss Objectives

One approach is 5Ss (see Chapter 1 for a description and Table 1.2). You must decide whether all, or only some, are appropriate for your digital marketing plan. Here are the 5Ss:

- *Sell.* Grow sales (through wider distribution to customers you can't service offline or perhaps a wider product range than in local stores, or better prices).
- *Serve.* Add value (give customers excellent service and extra benefits online; e.g. product development in response to online dialogue).
- *Speak.* Get closer to customers by tracking them, asking them questions, conducting online interviews, creating a dialogue, monitoring forums, groups, blogs and tweets and, most of all, listening and responding to this dialogue in a structured way (collecting usable customer insights).
- *Save.* Save costs: of service, sales transactions and administration, print and post. Switching telemarketing customer support to Facebook customer support can be a lot more efficient and effective. Can you reduce transaction costs and therefore make online sales more profitable? Or use cost savings to enable you to cut prices, which in turn could enable you to generate greater market share?
- *Sizzle.* Add some magical 'added value' that can only be delivered online; e.g. the Sistine Chapel online allows you to climb up the walls and study Michelangelo's paintings in detail. Extend the brand experience online in new ways. The web scores very highly as a medium for creating brand awareness and recognition.

The Race Approach to Objectives

The Smart Insights RACE framework (Reach, Act, Convert and Engage) is another way of looking at objectives as the customer moves through the customer life cycle from initial contact to lifetime loyalty. Each stage can be quantified as an objective.

- *Reach* is about increasing awareness of a brand and encouraging visits to a website or social media presence; e.g. to increase new visits to your site per month by 5 per cent or 5,000.

- *Act* means encouraging initial interaction with content which then generates leads; e.g. to increase leads by 1 per cent or 1,000 per month.
- *Convert* is the ultimate conversion to sales achieved online or offline, e.g. increase online sales conversion rate by 10 per cent from 2 per cent to 2.2 per cent.
- *Engage* means post-sales engagement designed to create long-term loyalty and advocacy; e.g. to generate × per cent engagement from existing customers or to generate × number of five-star reviews, shares or likes.

You can find more on RACE at www.SmartInsights.com where each part of RACE is broken down further into key marketing activities and deliverables needed to maximize online leads and sales.

Marketing Objectives and Marcomms Objectives

You might already have observed that there are two general types of objectives emerging here:

- *Marketing objectives* are all about physical digital action. Sales, market share, visits, click throughs, conversions – somebody has to actually do something or click something.
- *MarComms objectives* are not about physical digital action. They are all about states of mind: awareness levels; preference levels; intention to purchase; satisfaction scores/NPS scores.

Both of these types of objectives can and should be quantified as they are both measureable: marketing objectives from your analytics and MarComms objectives from customer surveys.

Whatever the objective, it ultimately has to be measurable and to have a deadline. Finally, be realistic about what is achievable. Digital marketing

offers enormous potential for data gathering and analysis, but many advertisers and marketers just expect too much!

So ask, are your objectives well-defined and properly thought through? Are they SMART – Specific, Measurable, Achievable, Realistic and Time-related?

Section Summary 10.3

Objectives

The 5Ss (Sell, Serve, Speak, Save and Sizzle) are a useful starting point for objectives. The KPI Pyramid can be turned upside down to create a sales funnel which has clear objectives. Then there is the the Big 4: Revenue, Margin, Satisfaction and Brand Value objectives approach. But either way, two types of digital marketing objectives emerge here: marketing

Online Media Mix model – based on percentage of budget – with example of 'average' clickthrough rates

Overall budget	£100 000															
	Media costs					Media volume/response				Conversion to Opportunity			Conversion to Sale			
	Set-up/ creative /Mgt costs	CPM	CPC	Media costs	Total cost	Budget %	Impressions or names	CTR	Clicks or visits	CRO	Opport-unities	CPO (cost per lead)	CRS	Sales	% of sales	CPS (CPA)
External online media																
Online ad buys (CPM)	£0	£10.0	£5.00	£10 000	£10 000	10%	1 000 000	0.2%	2000	10.0%	200	£50.00	10.0%	20	1%	£500.0
Ad network (CPC)	£0	£20.0	£1.00	£20 000	£20 000	20%	1 000 000	2.0%	20 000	10.0%	2000	£10.00	10.0%	200	10%	£100.0
Paid search (CPC)	£0	£10.0	£0.50	£30 000	£30 000	30%	3 000 000	2.0%	60 000	10.0%	6000	£5.00	10.0%	600	30%	£50.0
Natural search (Fixed)	£0	£0.5	£0.05	£5000	£5000	5%	10 000 000	1.0%	100 000	10.0%	10 000	£0.50	10.0%	1000	50%	£5.0
Affiliates (CPS)	£0	£10.0	£1.00	£5000	£5000	5%	500 000	1.0%	5000	10.0%	500	£10.00	10.0%	50	3%	£100.0
Aggregators (CPS)	£0	£0.0	£0.00	£0	£0	0%	0	1.0%	0	10.0%	0	£0.00	10.0%	0	0%	£100.0
Sponsorships (Fixed)	£0	£100.0	£33.33	£10 000	£10 000	10%	100 000	0.3%	300	10.0%	30	£333.33	10.0%	3	0%	£3333.3
Online PR (Fixed)	£0	£100.0	£10.00	£10 000	£10 000	10%	100 000	1.0%	1000	10.0%	100	£100.00	10.0%	10	1%	£1000.0
Email lists (CPM)	£0	£10.0	£1.00	£10 000	£10 000	10%	1 000 000	1.0%	10 000	10.0%	1000	£10.00	10.0%	100	5%	£100.0
Total/Average	**£0**	**£6.0**	**£0.50**	**£100 000**	**£100 000**	**100%**	**16 700 000**	**1.2%**	**198 300**	**10.0%**	**19 830**	**£5.04**	**10.0%**	**1983**	**100%**	**£50.4**
Internal online media																
In-house email list/DM	£1000	£0.0	£0.33	£0	£1000	n/a	100 000	3.0%	3000	15.0%	450	£2.22	30%	135	n/a	£7.4
Own-site ads (other footfall)	£1000	£0.0	£0.05	£0	£1000	n/a	1 000 000	2.0%	20 000	10.0%	2000	£0.50	25%	500	n/a	£2.0
Total/Average	**£2000**	**£1.8**	**£0.09**	**£0**	**£2000**	n/a	**1 100 000**	**2.1%**	**23 000**	**10.8%**	**2450**	**£0.82**	**15.8%**	**635**	n/a	**£3.1**
Overall total/Average	**£2000**	**£5.7**	**£0.46**	**£100 000**	**£102 000**	n/a	**17 800 000**	**1.2%**	**221 300**	**11.2%**	**22 280**	**£4.58**	**18.2%**	**2618**	n/a	**£39.0**

Figure 10.8 An e-communications mix for an annual plan – blue cells can be changed for a 'what-if' analysis

Source: Marketing Insights (www.marketing-insights.co.uk/spreadsheet.htm)

and MarComms. Ultimately, objectives have to be SMART. Finally, objectives help you to focus on where you want to get to. Now you're ready to move on to how to get there; the next section shows you just how to do this – strategy.

	A	B	C	D	E	F
1	New customers in Year 1	100 000				
2	Margin	15%				
3		Year 1	Year 2	Year 3	Year 4	Year 5
4	Customers (new)	100 000	50 000	27 500	16 500	10 725
5	Retention rate	50%	55%	60%	65%	70%
6	Average revenue per annum	£100	£110	£120	£130	£140
7	Total revenue	£10 000 000	£5 500 000	£3 300 000	£2 145 000	£1 501 500
8	Net profit	£1 500 000	£825 000	£495 000	£321 000	£225 000
9	Discount rate	1.000	0.860	0.740	0.636	0.547
10	NPV contribution	£1 500 000	£709 500	£366 102	£204 633	£123 198
11	Cumulative NPV contribution	£1 500 000	£2 209 500	£2 575 602	£2 780 235	£2 903 433
12	Lifetime value at net present value	£15	£22	£26	£28	£29

Figure 10.9 Lifetime value model – blue cells show what can be changed for a 'what-if' analysis

Source: Marketing Insights (www.marketing-insights.co.uk/spreadsheet.htm)

10.4 Strategy

There is much confusion about the difference between strategy and tactics. Objectives specify 'where we want to go'. Strategy summarizes 'How do we get there?' Strategy summarizes how to achieve the objectives and guides all the subsequent detailed tactical decisions. Strategy should also exploit distinctive competitive advantage. Play to your strengths (assuming the market/customers actually want your strengths).

Best Practice Digital Marketing Tip

The sales and profit delivered by each prong of the strategy should be modelled using available information on customer and marketplace demand for products, along with competitors. Different scenarios should be reviewed to check that your strategies will deliver the objectives. This will be an iterative process with models revised during the goal setting and strategy selection and tactics.

So What Goes into a Digital Marketing Strategy?

The short answer is: whatever it takes (within your resources) to achieve your objectives. The digital marketing strategy focuses on what you're going to do online. It can include propositions (which summarize the online mix). Can you succinctly tell your boss what your strategy is? Strategy helps it all to fit together and avoids ad hoc tactical patchworks which usually, in the end, cause more complications. For some strategists, strategy is all about establishing an integrated database between your web site and all other communications points. For others, it is developing the web site from Stage 1 to Stage 2, Stage 3 or Stage 4 in the evolutionary stages of a web site (e.g. a fully integrated, automated, database-driven site linking opt-in email and direct mail). For some it's about moving into marketing automation, while for others it is using new social media channels to connect with their target market. Others see the Ladder of Engagement as a medium to a longer-term approach. For a few, digital marketing strategies are just about traffic building – a shorter-term strategic perspective. We prefer planning around customer lifetime value which makes digital marketers think long term and therefore more strategically. See lifetime value calculations in Figure 10.9.

Ideally, an experienced strategist would create strategy by thinking purely about how to achieve the objectives with the resources available (and in the context of competitor strategies – both existing and potential). Having

generated several strategic options, the best strategy is carefully chosen and this then eventually cascades down into the tactical details.

Retrospective Strategy Building

In reality, there are few digital marketing strategies as many digital marketers do what they are good at – tactics first and then draw a strategy from the collection of tactics. Having developed a range of exciting tactics, they then sit back and try to make sense of it all or try to tie it all together, summarize it and then call it a traffic strategy (retrospective strategy making!). This can work if (a) it all integrates sensibly and (b) you can test it against at least another two strategic alternatives.

Other strategists draw from marketing warfare; e.g. full frontal attack (comparative marketing on web sites); flanking attack using the web site to highlight areas of weakness among competitors (surround bigger players by creating an array of microsites and web rings around an area so that smaller players cannot complete).

Digital Marketing Insight

Timothy Cummings on competitive strategies

Cummings (2001) applies well-known military strategies to digital marketing. The strategies are not exclusive. They are:

1. *Full-frontal attack*, e.g. use of comparative marketing on web sites.
2. *Flanking attack*, e.g. use the web site to strike at areas in which competitors are weak such as price or service.
3. *Surround and cut-off*, e.g. larger companies use their resources to provide web site communications that are targeted at

micromarkets. Smaller companies cannot compete with the resources needed.

4 *Blocking attack*, e.g. closing out competitors by offering additional services to customers.

5 *Guerrilla attack*, e.g. direct attack on competitors using guerrilla tactics such as online PR. The easyJet online competition to guess the losses of rival airline Go is an example of these tactics.

6 *Niche defence*, e.g. specializing through providing superior content or services to competitors.

7 *Territorial defence*, e.g. developing leading communities for particular segments or countries in advance of a competitor.

8 *Mobile defence*, e.g. developing new online functionality that is one step ahead of the competitors.

9 *Stealth defence*, e.g. minimizing web content about a new service, so existing players find it difficult to find out about the new service. The service is promoted through direct sales, networking and word of mouth.

10 *Diplomatic nous*, e.g. partnering with content providers to increase the value of your site compared to competitors.

One of the best books on digital marketing strategy was written over 2,000 years ago by Sun Tzu, a Chinese military genius who was conscious of the environment and understood the importance of alliances and market intelligence (translated by Wing, 1989; see Section 10.2 above).

Digital Complements or Replaces?

A digital marketing strategy should define the level of resources directed at different channels. Essentially, the question is, will the online channels complement the company's other existing channels or will they replace the

other channels? Gulati and Garino (2000) describe it as 'Getting the right mix of bricks and clicks'. If it is believed that sales through digital channels will primarily replace other channels, then it is important to invest in the technical, human and organizational resources to achieve this. A 'replace' strategy was chosen by some companies, like Ryanair which now sells 99 per cent of its tickets online. To assess the 'replace' versus 'complement' strategy alternatives, Kumar (1999) provides a framework. He suggests that replacement is most likely to happen when:

1. Customer access to the Internet is high
2. The Internet can offer a better value proposition than other media (i.e. propensity to purchase online is high)
3. The product can be delivered over the Internet (it can be argued that this is not essential)
4. The product can be standardized (the user does not usually need to view to purchase).

If at least two of Kumar's conditions are met, there may be a replacement effect. For example, purchase of travel services or insurance online fulfils criteria 1, 2 and 4.

Practical Digital Marketing Tip

Ensuring that strategies support objectives

To help ensure that strategies support objectives, you should create a linkage between the two as shown in Table 10.1, which also shows related tactics to deliver the strategies.

Strategy is crucial. Get it wrong and all your hard work is wasted. As Kenichi Ohmae (1999) said, 'There's no point rowing harder if you're rowing in the wrong direction.' Hard work is wasted if the strategy is

wrong. Take some examples of absurd strategies. Imagine building an amazing app, but use of apps amongst your audience is low. Or imagine building a transactional web site to take orders, yet the majority of your market only browses online and always shops offline. Strategy summarizes how the objectives will be achieved. So let us say the overall marketing objective is to achieve a 50 per cent increase in sales. The strategy that rolls out could be based on expanding the marketplace and securing new customers, attacking a particular competitor's customers, or simply reducing churn (lost customers) and getting more of your existing customers to reorder. Three different strategies: one for market expansion, one for competitor attack and one for customer retention.

The Key Components of Strategy – TOPPP SITE

Here are nine key components taken from the SOSTAC® Digital Marketing Guide (Smith, 2016a) to consider when building your digital marketing strategy. You do not have to use all nine key components in your digital marketing strategy. But do, at least, consider each of them.

Your strategy doesn't have to use the same order as TOPPP SITE. Feel free to move the components around to suit your strategy. Now let's consider each of the nine components to help you to build a crystal clear digital marketing strategy.

Target Markets (essential)
Objectives (it's helpful to summarize what objectives the strategy should deliver)
Positioning (essential)
Processes (strategy can involve new processes like Marketing Automation or developing a Beta testing culture). Some of these will overlap with

integration.

Partnership (strategic alliances and marketing marriages can make marketing easy)

Sequence (or stages, e.g. develop credibility before raising visibility)

Integration (of data – this may overlap with 'Processes' – major opportunity here)

Tactical tools (or channels: list the priority tools PPC, SEO, email or PR and content)

Engagement (what level of the Ladder of Engagement is required?)

Let's take a look at each of these briefly.

Target markets

Target markets need to be defined very clearly. Today we have many new variables (or filters) to help marketers identify targets. Time and effort spent carefully analyzing and discussing who is/are the most ideal target market/s is time well spent.

Objectives

It is always worth double checking that your strategy actually delivers the 'big' objectives (Mission and Vision) as well as the typical sales, market share and ROI KPIs (Key Performance Indicators). Strategy without some reference to objectives is, not surprisingly, unlikely to achieve those objectives. Hence some organizations like to see the main objectives referred to when presenting their strategies. Deciding which is a priority objective – customer acquisition or customer retention – is a strategic decision.

Positioning

Positioning is so strategic that you really don't want to be changing this each year. Positioning means precisely how you want to be positioned (or perceived) in the minds of your target customers. Note: positioning is the foundation for brand propositions (what's in it for the customer) and ultimately, the CX. In fact, defining the brand, the online value proposition (OVP) and the CX are part of the strategy. The OVP and CX also influence the marketing mix (tactical decisions); e.g. exclusive products online, differential pricing, exclusive online promotions, prioritizing channels, online distribution partners, etc. These details are addressed in your Tactics section.

Process

If you are introducing a new approach, a new process, a system or even new way of thinking, this can be strategic, e.g. introducing marketing automation or insisting analytics are used to measure, understand and drive all future decisions; nurturing a 'Constant Beta Culture' or introducing a new customer service process integrating telephone, Twitter and Facebook.

Partnerships

Partnership – introducing, strengthening or reducing strategic partnership/marketing marriages/marketing alliances – can be strategic. Are there potential partners out there whose customers would welcome your organization's products or services? Selecting the right partner can firstly give you access to a much bigger target market and secondly, strengthen your brand. But remember partnerships have to benefit both parties, with clear goals, roles and responsibilities.

Sequence or stages

Develop credibility before raising visibility. How many major TV ad campaigns drive traffic to websites that don't work? In addition there may be other steps such as building awareness, then brand preference before seeking sales, or other stages in a campaign such as acquiring endorsers, establishing relationships and advocates, then followed by campaign rollout. Dave Chaffey's RACE has four stages: Reach (increasing awareness and encouraging visits); Act (initial interaction); Convert (conversion to sales); Engage (post-sales engagement designed to create long term loyalty and advocacy) (see Section 10.3 above).

Integration

Integrating customer data online and offline is a strategic decision, from click behavior data (digital body language), to registration data, social media data, CRM, purchase behaviour and post-purchase contact data. Layer it with external data from third party databases. 'Having social data as well as a complete history of your leads' and customers' activity in one place is invaluable to your company' (Toner, 2014).

You should define a process to integrate social data with your CRM or contacts database. You should also introduce an integrated customer profiling process into both outbound and inbound campaigns.

Tactical tools

Tactics (or channels) will be explored in more detail in the tactics section (Section 10.5). Your marketing strategy should, however, identify which are the major tactical tools (or channels) you will be using. Your brand, the

customer experience you wish to deliver, the nature of your audience and the strategy you wish to adopt will define which tactical tools to use in your campaigns; e.g. a major PPC ad campaign, nurturing an affiliate marketing programme, or developing social media campaigns based on great new marketing content. 'Sales promotion' has largely been replaced by 'content marketing' (free content). Content marketing may well be a major strategic component (assuming it supports the brand and the desired CX).

Engagement

There are different levels of visitor engagement, from encouraging visitors and customers to give ratings and reviews to nurturing advocates to collaborating and co-creating ideas and products. This is the Ladder of Engagement starting with low-level engagement and culminating in collaborative co-creation. You can download more detail on the Ladder of Engagement from the Welcome Page on the PR Smith Marketing Facebook page. But also remember that not everyone wants to engage all the time, sometimes visitors just want to complete a task, find some information or just buy something and leave your site. So don't ignore the basics of properly tested, quick, easy-to-use websites and apps.

Digital Marketing Insight

Engagement boosts sales – social media first-in wins

Bain found that customers who engage with companies via social media channels spend 20–40 per cent more money with those companies than other customers. They also demonstrate a deeper emotional commitment to the companies, granting them an average 33 points higher NPS.

(*Barry* et al., *2011*)

Digital marketing strategy guides the choice of target markets, positioning (and subsequent propositions) which in turn help to determine the optimum mix (web site hub, opt-in email, e-sponsorship, social media and content marketing) – the sequence of stages; e.g. evolutionary stages (from brochureware sites to two-way interactive sites to fully integrated e-business systems). Regardless of how the customer comes into contact, they must be dealt with as a recognizable individual with unique preferences. This affects customer retention which, in itself, is a strategic decision; e.g. to improve customer retention levels requires a complete, integrated database and contact strategy, as explained in Chapter 8 on e-CRM. The strategy can also determine how social media will be used.

A summary of the overall balance of the marketing mix gives a strategic perspective while the details of the mix are tactical.

Poor Strategy and Strategic Waffle

'Bad strategy abounds. Senior executives who can spot it stand a much better chance of creating good strategies', says Richard Rumelt, Professor of Business and Society at the UCLA Anderson School of Management. Consider this particular bank's strategy: 'Our fundamental strategy is one of customer-centric intermediation.' Rumelt rightly rips this to pieces:

> ***Intermediation means that the company accepts deposits and then lends out the money. In other words, it is a bank. The buzzphrase 'customer centric' could mean that the bank competes by offering better terms and service, but an examination of its policies does not reveal any distinction in this regard. The phrase 'customer-centric intermediation' is pure fluff. Remove the fluff and you learn that the bank's fundamental strategy is being a bank.***
>
> ***(Rumelt, 2011)***

Digital marketing strategy is lacking in many businesses. This contributes to ad hoc tactical approaches that are short term and often unfocused.

Digital marketing strategy sample excerpts

Here are some excerpts from digital marketing strategies which demonstrate different components of TOPPP SITE being used. You will see vastly different approaches to this crucial aspect of planning:

> ***'creating a seamless interface between online and offline, integrated by the underlying database'***
>
> ***'moving through the three evolutionary stages over an 18-month period means the race is on to get our e-strategy on track'***
>
> ***'integrate website, database and CRM to efficiently automate a two-way dialogue between customers and our business'***
>
> ***'establishing a presence on several different portals'***

'to own a particular content sector online rather than try to sell a specific product'

Although there is a scarcity of examples of comprehensive digital marketing strategies, here is a selection where you can clearly see several of the TOPPP SITE components being used:

> ***Intel decided to reposition the company from 'High quality technology products' to a 'Leader in technology breakthroughs, targeting Generation Y by associating Intel with innovation in music, art and lifestyle, using social media to leverage offline real events'***
>
> ***(Bolger, 2011)***

Unilever (source unknown) took a major strategic shift to change Persil from a product-centric corporate portal (product information) to customer-centric sites and social presences (two main sections: Time In and Time Out – lifestyle and time for yourself – relaxation, minding your skin, diet and kids, time with kids – tips for a happy family – 'get creative with kids' section). This is an online brand experience integrated into TV, press and Internet campaigns. Unilever is also switching budgets from online advertising spend to social media content across all product ranges.

The digital marketing strategy of Bent Rail Boots (www.justinboots.com; American cowboy boots) had a social media emphasis (Falls, 2010): launch Bent Rail Boots by talking to the young target audience where they were – online – using branded pages on social media platforms and inviting fans to follow the music of its hip, young country music endorsees, developing exclusive, value-adding content especially for their youth audience and making the content compelling enough for people to share; driving people to specific calls-to-action to see, try or learn more about the new line of boots.

The Great Sportsmanship Programme (www.greatsportsmanship.org; Smith, 2012) was repositioned from a sportsmanship book (targeted at sports fans in the UK and Ireland) to a sportsmanship educational programme (including curriculum integration, teacher training, student and teacher resources (including the book) an ambassadorial programme and social media

campaign focused around the Big 5 social media platforms targeting UK and Middle East youths via schools).

Implicit in all strategic choices is resource. The strategy will, in the end, be constrained by the resources available and their allocation (see Section 10.8). For example, when trying to allocate resources between web site design, web site service and traffic generation, whichever strategy you choose, try to generate a few strategic alternatives before deciding the final digital marketing strategy. Remember, the first strategy that comes to mind is not necessarily the best one.

Ensure that each of your strategic options have (a) at least, considered and discussed all nine key components (TOPPP SITE) and (b) secured sufficient resources (the 3Ms). One final point, determining how much you are prepared to invest in either acquiring a customer or retaining an existing one is a useful exercise; it is strategic insofar as it influences your contact strategy, integrated database, sequence of messages across a variety of tools as well as forcing you to think beyond the short-term, one-off transactional sale.

Digital Marketing Excellence

Beware: trading advocacy and loyalty for investigation and interest

> ***Say we run a program that instead of engaging and growing relationships with our top fans, it's designed to get 10 million additional likes by the end of the month. Over the course of that month our metrics will show success. Additional likes per week will go up. Comments per post will go up. Impression numbers will be through the roof. Yet in the process we are also drowning out the voices of the advocates in a sea of folks who care only for the offer that got them there. We've essentially traded advocacy and loyalty for investigation and interest.***
>
> ***(Knorp, 2011)***

In 2011, Pepsi's marketing strategy centred on its social media spend, an approach questioned by the Ad Contrarian (Hoffman, 2011). 'We took the divergent path', explained Frank Cooper, chief consumer engagement officer for Pepsi. 'We wanted to explore how a brand could be integrated into the digital space.'

The idea behind the programme was that you, the consumer, got to engage with Pepsi by voting for the 'Refresh' projects you deemed most worthy.

According to Bob Hoffman (2011), the Refresh Project accomplished everything a social media programme is expected to: over 80 million votes were registered, there were almost 3.5 million 'Likes' on the Pepsi Facebook page, and almost 60,000 Twitter followers. The only thing it failed to do was sell Pepsi.

Massimo d'Amore, then chief executive of PepsiCo Americas Beverages had this to say: 'When my ancestors went from the Middle Ages to the Renaissance, they blew up the place, so that's what we are doing.' He also said: 'We need television to make the big, bold statement.'

Test your strategy

Bradley *et al.* (2011) list 'Ten timeless tests to help you kick the tires on your strategy, and kick up the level of strategic dialogue throughout your company'. However, we are only going to give you the top five since few strategies pass more than three of these tests.

- Test 1: Will your strategy beat the market?
- Test 2: Does your strategy tap a true source of advantage?
- Test 3: Is your strategy granular about where to compete? [Think 30 to 50 segments]

- Test 4: Does your strategy put you ahead of trends?
- Test 5: Does your strategy rest on privileged insights?

(Bradley *et al.*, 2011)

Section Summary 10.4

Strategy

Strategy is the big picture. It summarizes how you're going to get there. Consider each of the nine TOPPP SITE strategic components. You do not have to include each one in your digital marketing strategy. Just ensure you have considered each one. Create several strategic options before choosing your final digital marketing strategy. Ensure you have secured, or at least can secure, the resources to roll out your strategy. Now you're ready to move on to the details of strategy – tactics. The next section explores them in more detail.

10.5 Tactics

> ***'The 21st century is not a place for tidy minds'***
>
> ***(Sir Martin Sorrell, cited by Thomas, 2012)***

Tactics are the details of strategy. You need to list all the e-tools you plan to use, in the sequence or stages guided by the strategy.

The Difference Between Strategy and Tactics

Tactics tend to be short term and flexible, whereas strategy is longer term and more enduring. But tactics must also be developed only after the strategy is agreed and set. It is tempting to do the reverse: have a bright idea for a new marketing initiative or a new service offering and rush it into play without a strategic context. Tactics don't drive strategy. You don't plan the journey until you have decided where you want to go.

It is easy to muddle strategy and tactics. Here's an oversimplified example: let's say a major part of your strategy is to create an effective e-CRM programme (because you want to increase repeat sales by increasing customer retention/reducing customer churn). To deliver this strategy, you decide to use four tactical tools – four moments of contact with each customer over the next three months: these will be an email acknowledging the order, a follow-up email to check delivery was OK, a real Christmas card (if it was a seasonal product), and a personalized email and newsletter. These are tactical tools that support the strategy.

Which tactical tools are best?

Some tactical tools like advertising, PR and sponsorship are good at generating awareness. Imagine generating awareness was part of a sequence of strategic stages (followed by 'developing brand preference', generating enquiries, converting to sales, 'post sales loyalty building and spreading the CX', etc.). Other tactical tools are better at closing sales (or converting awareness or preference into sales) such as a very relevant and timely email offering a tempting sales promotion or an artificially intelligent sales/service bot offering something similar. Note your packaging and point of sale (POS) which appear on your online platform now become your 'silent salesman', inviting the prospect to buy (along with your critical reviews and endorsements). So prospects who are moving towards the bottom of the sales funnel (identified by their digital body language) might see a special

sales promotion (or incentive) offered to them on a dynamic web page or a tailored, yet automatically triggered email.

The Tactical Matrix

There are ten types of tactical tools. Each one has online and offline variations. How do you know which ones are best for your prospects and customers, and, most importantly, for your budget and your team's skill set? Using, initially, just three criteria – Credibility, Control and Cost – you can see that advertising has low credibility, high control (you control the message customers receive and you can easily and quickly switch it on and off) and high cost (it can be expensive) compared to online PR, which is often seen as carrying more credible, but not controllable, messages (there is no guarantee a news release will be used by the media and even worse, sometimes an editor will actually criticize a product). PR is, however, very cost effective when you get it right. Here is the Tactical Matrix, which analyzes each tactical tool across nine criteria, including credibility of message, controllability of message and cost effectiveness. Six other criteria are added, so that each tactical tool can be evaluated as you consider which stage of the buying process (see Chapter 4 on buying models) you are targeting.

The Tactical Matrix is designed to provoke a more informed discussion when choosing which tools work best for certain tasks. It highlights individual tactical tools where they are strongest, but often they can be used throughout the decision journey. For example, social media advocacy post-purchase can support awareness and prompt consideration and decision steps through social media remarketing (see Chapters 6 and 7).

Here is an excerpt from SOSTAC® Digital Marketing Plan (Smith, 2016a):

> ***Firstly we look at how good each tactic is at moving your prospects/customers through various stages of the Lifetime Buying Process (note this is another variation on some of***

the other buying models, or stages of buying):

- *Awareness*
- *Consideration*
- *Purchase*
- *Post-Purchase Relationship Building*
- *Post-Purchase Repeat Sales*

Tactics Matrix	BENEFIT →	Reach	Speed	Lead Time	Message Size	Targeting	Personal-ization	Cost: CPC/CPM	Control	Credibility (message)
OBJECTIVE ↓	TACTIC/ CHANNEL ↓									
Awareness/ Familiarity	Display Ads	High	Medium	Long / Med	Medium	High	Medium	Medium	Medium	Low
	PR	High	Medium	Medium	Large	Low	Low	Low	Low	High
	Sponsorship	High	Low /Med	Long	Small	Low	Low	Medium	Low	Medium
	Social media (content marketing)	Low/Med/ High	Low / Med	Medium	Large	Medium	Med / Low	None	Low / Med	High
Consideration	Search Ads & SEO	Low/Med	Medium	Long/Med	Small	High	Medium	Medium	High	Low / Med
	eMail (AM)	Med	High	Short	Large	High	High	Low	High	Medium
	Web Site Incentives	Low/Med	Low	Medium	Med / Low	Low/Med	High with Auto Marketing	None	High	Medium
	Social Media	Low/Med /High	Low	Short / Med	Large	Medium	Med / Low	None	Low / Med	High
	Sales Pitch	Low	Medium	Short	NA	High	High	High	High	Med / High
Decision	Search Ads & SEO	Med / Low	Medium	Short	Small	High	Medium	Medium	High	Low / Med
	eMail (AM)	Medium	High	Short	Large	High	High	Low	High	Medium
	Web Site Incentives	Low	Low	Medium	Low	N/A	High with Auto Marketing	N/A	High	N/A
	Telesales	Low/ Med	High	Short / Med	Large	High	High	Low	High	Medium
	Sales Pitch	Low	Medium	Short	Low	High	High	High	High	Med / High
	Exhibition	Medium	Medium	Med/Long	Large	High	Low	High	Medium	Med / High
	The Tactics Matrix www.PRSmith.org © PRSmith 2014 v2.1									
Post Purchase Relationship Building	Direct Mail/email newsletter/ special offers added value	Medium	High	Short (eM) Med (Dmail)	Large	High	High	Low (eMail) High (DM)	High	Medium
	Social Media	Low/High	Low	Short/Med	Large	High	Medium	None	Low / Med	High
Post Purchase Repeat Sales Loyalty...Adv..	Direct Mail/eMail	Medium	High	Med/Short	Large	High	High	High (DM)	High	Medium
	Social Media	Low/High	Med	Short/Med	High	High	Medium	None	Low / Med	High

Figure 10.10 The first column is a linear buying model for a high involvement purchase. The second column lists which tactical tools are used at each stage. The remaining columns analyze the tactical tool across nine different criteria.
Source: Smith (2014a)

The need for segmenting your customers or prospects by stage of the buying process emerges again. Now, depending on what stage of the buying cycle you are trying to move your prospects/customers through, you can consider how good each tactic is across these 9 criteria:

1. ***Reach (how big an audience can it reach?)***
2. ***Speed (how quickly can it reach that audience?)***
3. ***Time (how long to create and deliver this tactic?)***
4. ***Message Volume (space to fit message in?)***
5. ***Targeting (how granular or precise can the targeting be?)***

6. ***Personalization (can the tool personalize messages?)***
7. ***Cost – is it expensive on a Cost Per Thousand (CPT/CPM) basis?***
8. ***Control – can you control the message with this tactic?***
9. ***Credibility – some tactics have more credibility.***

Once you decide which tools you want to use, you can then use a Gantt chart that lists all the tactical tools throughout the weeks and months of the period. So you can see what's happening when. A simple Gantt chart (see Table 10.2) can be used to detail which tools are used when by inserting an 'x' in the appropriate column.

Table 10.2 Marketing tactics – displayed on a Gantt chart

	J	F	M	A	M	J	J	A	S	O	N	D	£000s
Web site	x	x											25,000
Forums			x										5,000
Social media			x	x	x	x	x	x	x	x	x	x	30,000
Advertising													50,000
Display ads/Banner ads													
Pay Per Click ads													
Other	x		x	x		x			x			x	
Sponsorship	x	x	x	x	x	x	x	x	x	x	x	x	10,000
Online sponsorship – communities, pages, sites, events													
Public Relations													
Online-optimized news			x		x		x		x		x		10,000
Releases													
Viral marketing													
Direct Mail													
Opt-in email (Note: retention versus acquisition)				x			x			x			20,000
Event-triggered, time-triggered, behavioural triggers													
E-newsletters													
Sales Promotions													
Incentives and calls-to-action online in emails, web sites and social media			x			x			x			x	10,000
Sales Force – Field Sales and Telemarketing													
Affiliate and partner marketing			x	x	x	x	x	x	x	x	x	x	50,000

Exhibitions and Events		
Virtual exhibitions, virtual worlds like Second Life	x	5,000
Packaging		Nil
N/A other than packaging images on the web site		
Point of Sale		35,000
Web site, particularly calls-to-action; product photos and product users' photos		
Web site personalization (and landing pages optimization)		
Total		**£250,000**

We have taken the ten communications tools and their various online tactical tools and started to develop, for example, major work on the web site for the first two months followed by a continued social media campaign throughout the year. An 'always on' Pay Per Click campaign is used quarterly and so on. Total spend is £250,000.

Also, your strategy will have gone through approval and budget processes and will be set for a defined period. Whereas your ability to make swift and effective tactical responses to the changing environment will be a key factor in determining your success – especially in digital marketing, where change happens so quickly. For example, you may know at the start how you plan to implement the strategy; but what if a competitor steals a march, or an e-tool you were planning to use fails? You must think on your feet, be first to react.

Digital Marketing Tactics

Digital marketing tactics focus on deciding the optimum marketing mix. This was described in detail in Chapter 2. Here we simply look at decisions about the choice of digital tactical tools. And then there are traffic tools such as banner ads, text messages, opt-in email, viral marketing, search engine optimization – all discussed in Chapter 7 on building traffic.

Practical Digital Marketing Tip

Automated event-triggered emails

Don't forget the importance of devoting resources to planning your contact strategy to support the customer lifecycle (see Chapter 8 on e-CRM) for the different audiences you are targeting. For example, cosmetics brand Clinique (www.clinique.co.uk; Figure 10.11) has different emails for its male and female audiences and has a cleverly crafted welcome strategy that explains its OVP and encourages trial of its online services and products.

Customer relationship management tools

If you then provide customer benefits or added-value information through the opt-in email service, you can develop an integrated database of customers and prospects which can be exploited in further ways: send them gifts, invite them to enter contests, run a free draw for tickets to a sports or cultural event you sponsor – the trick is to use the connection with the customer to create ongoing relationships which give you regular access points where you can deliver a marketing message (through the customer's preferred contact channel. See Chapter 8 on e-CRM.

Managing Tactics and Managing Stakeholders

Who has control of tactics? This is a big question and the digital marketers must win the ownership argument. Take the web site: is it controlled by marketing or by the technical department or some other function? Many

web sites actually damage brands with their broken links, dead ends, cumbersome downloads, out-of-date content, impossible navigation and unanswered messages (see Chapter 1, Section 1.5 on sloppy digital marketing). No digital marketer should let this happen. You can usually tell from looking at a site whether the web-master is a 'techie' or a marketer. Many sites skip the cardinal rule of asking customers what they would like on a web site. Then, having put it up, they forget to check to see if they got it right. Regular reviews should not be devoted to reviewing the latest technology, but rather, focused on customer reviews. As a digital marketer, you'll want a site that is easy on the eye, clear to the reader and lightning fast to download. If that means dispensing with some of the techies' zanier ideas… well, the customer will thank you for it!

Digital Marketing Excellence

Apps versus mobile web site(s) – choice of tactical tools

Jon West, managing director at HRS UK & Ireland, has this to say:

> ***The big mistake we made at HRS. We built these 240 different style sheets for every type of mobile application you can think of so that we could deliver WAP to any booker that wanted to come and book a hotel room. We tried to move that out to the partner portal as well and expand that business and after about 9 months we looked at what the revenue was for this and it was minuscule, it was a complete disaster.***

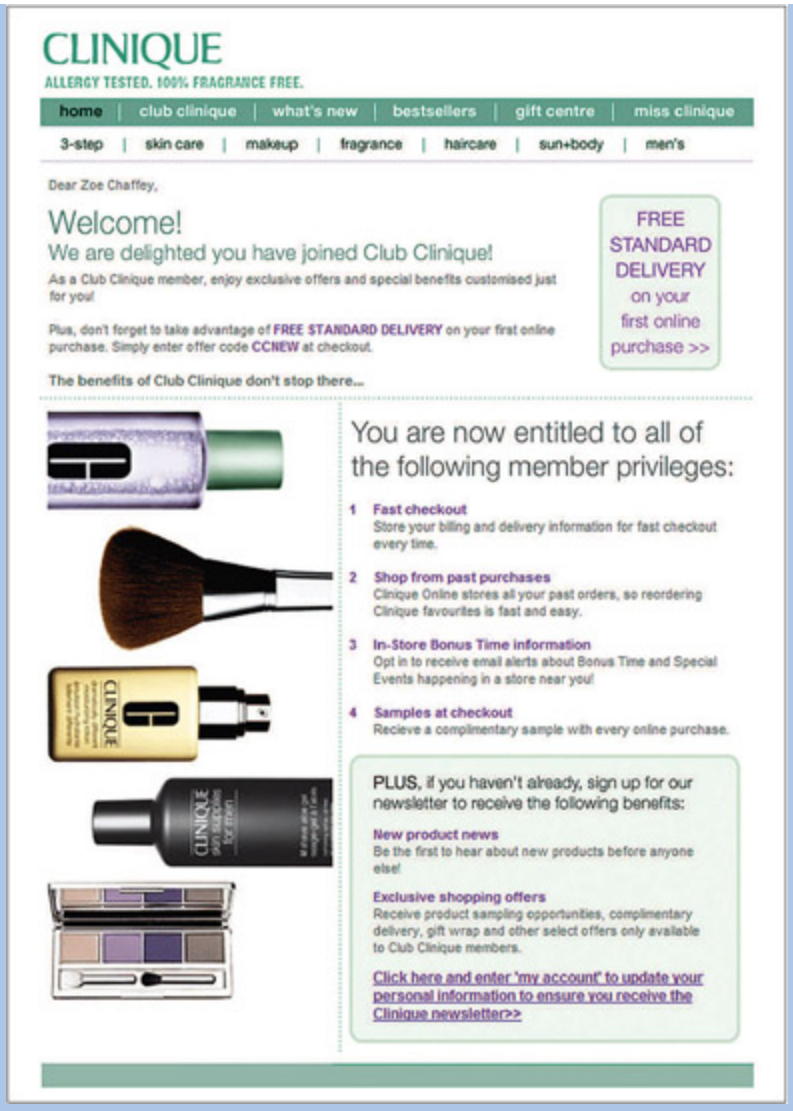
CLINIQUE
ALLERGY TESTED. 100% FRAGRANCE FREE.
home | club clinique | what's new | bestsellers | gift centre | miss clinique
3-step | skin care | makeup | fragrance | haircare | sun+body | men's
Dear Zoe Chaffey,
Welcome!
We are delighted you have joined Club Clinique!
As a Club Clinique member, enjoy exclusive offers and special benefits customised just for you!
Plus, don't forget to take advantage of FREE STANDARD DELIVERY on your first online purchase. Simply enter offer code CCNEW at checkout.
FREE STANDARD DELIVERY on your first online purchase >>
The benefits of Club Clinique don't stop there...
You are now entitled to all of the following member privileges:
1 Fast checkout
Store your billing and delivery information for fast checkout every time.
2 Shop from past purchases
Clinique Online stores all your past orders, so reordering Clinique favourites is fast and easy.
3 In-Store Bonus Time information
Opt in to receive email alerts about Bonus Time and Special Events happening in a store near you!
4 Samples at checkout
Recieve a complimentary sample with every online purchase.
PLUS, if you haven't already, sign up for our newsletter to receive the following benefits:
New product news
Be the first to hear about new products before anyone else!
Exclusive shopping offers
Receive product sampling opportunities, complimentary delivery, gift wrap and other select offers only available to Club Clinique members.
Click here and enter 'my account' to update your personal information to ensure you receive the Clinique newsletter>>

Figure 10.11 Clinique welcome email. Subject line – Thanking you for registering at www.clinique.com From address: Clinique registration [infocl@clinique.co.uk]

We decided we needed to get into the app world. When we started to get into the App world we realised that we should have been there in the first place. We've now got a multi-million pound business using our apps that have been downloaded all over the globe and people are making their bookings through the leisure portal.

We also make those apps available to our corporate customers such as Google. If they are travelling around the world they might use their mobile app and they'll be trying to access HRS's hotel content but they need to have the Google negotiated prices that they've got on the hotels on their app. What they have to do is put in a customer number. You wouldn't believe it, but Google can't find the place they have to go to download the app that they need to use but that's how it works, so they arrive on our portal having gone past the page on their own intranet that tells them

exactly where to download the app and start to search for the Google app so they can book their hotels.

Now, through using the clever MAGIQ technology, we can identify a 'Google' visitor by either their actions on the pages or the domain that they are coming from. We can now point them to a page we have set up especially for them that we call the Googlers so they can go onto that page, download the app and start making their booking. A second huge advantage to us.

(West, 2012)

Section Summary 10.5

Tactics

Tactics are the details of strategy. Some tactical tools are better than others at achieving specific tasks (boosting awareness, preference, intention to purchase, purchases, repeat purchases). Use the Tactical Matrix to consider carefully what is best for you. Then list which tactical tools are used when, with what budget – all in a simple Gantt chart. Now you have a tactical plan – so make it happen. The next section on actions shows you how to achieve execution excellence when rolling out these tactics.

10.6 Actions

'Everything must degenerate into work', said the great American business author, Peter Drucker. So strategies and tactics eventually cascade into work which needs to be carried out. This is the Action section. How do you ensure your plan is carried out professionally and passionately by your team?

Without this Action part of the plan, you get web sites that don't work, apps with poor reviews, offers that are so poorly targeted they annoy people. Your

marketing now starts to damage your brand, lose sales and destroy your credibility. And you are spending money damaging your brand? Some years ago, executive director of the Chartered Institute of Marketing, John Stubbs, claimed that up to 40 per cent of marketing expenditure is wasted through poor execution (Stubbs, 2006). Is almost half of your marketing being wasted? How do you know it's not? See the Section 10.7 on control for more on this.

Meanwhile GE's CEO Larry Bossiddy and Harvard's Charan (2004) confirmed this when they claimed that 'execution is the missing key between aspirations and results'. In fact they claimed that execution (or Action) can create competitive advantage in their book *Execution: The Discipline of Getting Things Done*. As discussed in Chapter 1, Section 1.5, we are swimming in a sea of sloppy marketing and digital marketing.

How do you Ensure Excellent Execution?

Are there processes in place to help staff execute a social media campaign or a social CRM campaign or a marketing automation integrated campaign? Anything from training programmes to issuing checklists can help staff to avoid the classic mistakes. This needs to be built into and budgeted for in your plan.

If your plan does not address the excellent execution then this 'Action' stage may well be the weakest link in the planning process. For example, if your social media is 'always on' you need to plan accordingly and ensure you're staffed appropriately'. Is there a process in place for managing this? Do you post messages saying you're finished now for the day, or do you schedule auto-releases for your blog and Twitter stream via, say, WordPress and HootSuite respectively, that automatically feed into your Facebook updates? Or perhaps your AI bots (see Chapter 4) will reply automatically on your behalf. Or do you hire real people equipped with pre-canned messages that

can be tailored to respond to individuals on social platforms outside traditional office hours? What is the best way of setting up these processes or actions?

Cross-industry benchmarking can help since often the best source of new ideas can actually be standard operating procedures in a totally unrelated industry. 'Ideas that are routine in one industry can be revolutionary when they migrate to another industry, especially when they challenge the prevailing assumptions and conventional wisdom that have come to define so many industries' (Taylor, 2012). For example, physicians from Great Ormond Street Hospital for children redesigned many of their surgical procedures by studying how Ferrari's Formula 1 racing team handled pit stops (Taylor, 2012).

Tactics break down into actions – in fact, each tactic is a series of actions that need to be managed. Each tactic becomes a mini project plan. See the Huawei smartphones campaign plan in the appendix at the end of this chapter.

You need to produce a project action plan for each tactic, with key steps allocated to specific people with specific timescales. Good project management skills are essential. Apply more Gantt charts, or critical path analysis, flow charts or whatever project management approach is best for you. Although most digital marketing plans would not necessarily contain a mini-project plan for every single tactic, these project action plans for each tactic will need to be drawn up at some stage, after the main digital marketing plan is written. For now, just ensure your plan explains how you will deliver excellent execution.

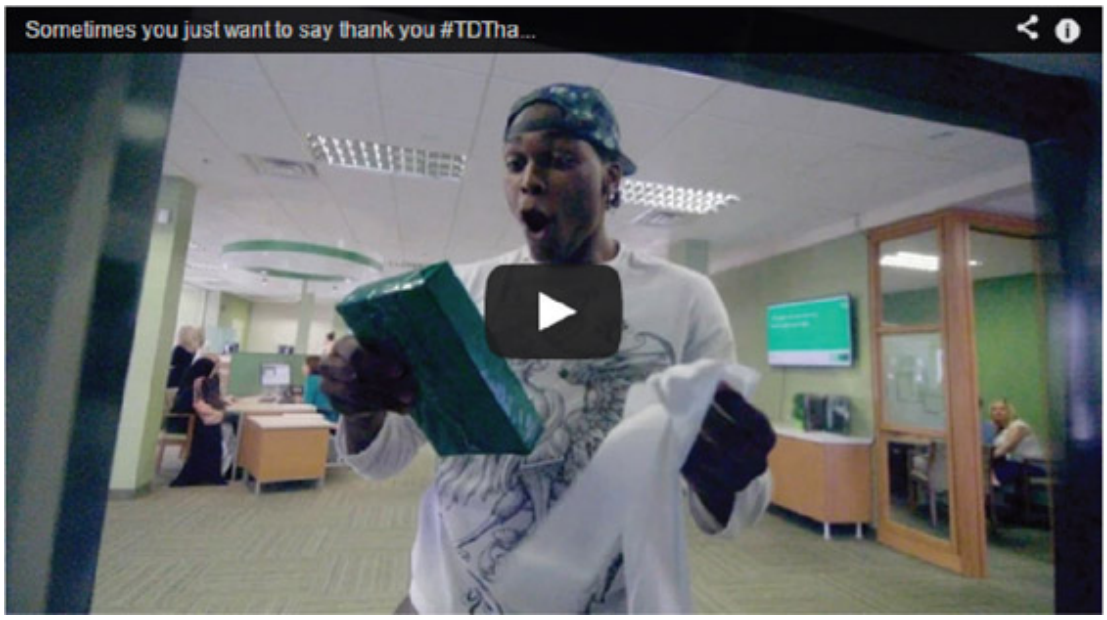

Figure 10.12 TD Bank's Automated Thanking Machines™

Source: Smith (2014b)

Imagine how much detailed project planning went into this extraordinary sales promotion where TD Bank turned ATMs into Automated Thanking Machines™ to create some incredibly powerful emotional moments for their customers. They researched their individual customer's deepest needs and then shocked them one by one with a simple thank you message and gift. Watch this video and you will realize the level of detailed actions required to execute this highly emotional sales promotion.

Smith (2014b) explains how a highly charged emotional sales promotion packed with 'psychic income' (non-financial income/rewards) like this worked so well.

So you can see detailed action plans are required so that tactics can be executed. Tactics are driven by strategy. Remember, that the best strategy in the world will fail if it does not cascade down into detailed tactics which are carefully actioned/executed. Good implementation only happens if you plan well and use your resources well. First of all, you have to communicate to get the plan approved and supported from above and below. The activities

are going to include: project management schedules, meeting deadlines, meetings, memos, phone calls, chasing people, careful preparation, constant checking and attention to vast volumes of details and internal marketing.

Internal Marketing

Are your staff motivated sufficiently to crave excellence in execution? Are they aware why there is a new digital strategy or tactics? Do they know how to use the new e-CRM, social media, split testing, Google Analytics or marketing automation systems? Are they suitably trained? This is internal marketing. This includes motivating, communicating and training your internal staff (and your external partners). Are your staff knowledgeable, capable passionate and motivated?

Figure 10.13 Are your staff sufficiently motivated that they would be prepared to eat their dinner off the floor of a subway station to prove how strongly they believe in the unique power of their electric floor cleaner? Watch this extraordinary video demonstrating motivated staff from Bissell Canada. Source: Smith (2016b)

Risk Management and Contingency Planning

Action, or implementation, also requires an appreciation of what can go wrong – from cyber libel to viruses, mail bombs, hackers and hijackers, cybersquatting and much more –contingency planning is required. What happens when the server goes down or a virus comes to town? What happens if one of the tactical tools is not working, or is not generating enough enquiries? Something has to be changed. *Risk management* involves:

- Brainstorming a list of all the significant things that could go wrong (server crashes to being blacklisted by Google) (see 'Contingency plans' in Section 10.7, below)
- Assessing their impact and likelihood
- Creating contingency plans for the highest impact and most probable risks
- Continuous review, revising and refining during campaign execution
- Post-implementation reviews to learn from the successes and failures for the next project.

Note: in addition to the usual KPIs, Procter & Gamble ask their managers to report on their 'learning' from the marketplace.

Section Summary 10.6

Actions

Execution can be the weakest link in your whole plan. Excellent execution can be achieved with attention to details, clear processes, procedures and checklists. Internal marketing (communication, training and motivating staff) is vital. Good project management skills are essential during the

implementation or action stage. You are now ready to control your destiny by building control mechanisms into your digital marketing plan.

10.7 Control

Are you feeling lucky? Without control mechanisms, digital marketing depends on luck. It's a bit like playing darts in the dark. How do you know if you are hitting the target or are just shooting blindly and wildly? How do you know if you're targeting the right customers? Who are they? What do they like? How many of them become repeat customers? Which digital marketing tool works best? How much does each customer actually cost you to acquire? What is the ROI for your web site, your app, you marketing automation campaigns? By the end of this section, you'll be able to answer these questions and be in control of your destiny, instead of spinning out of control. Control also includes monitoring your competitors.

The Control Process

Good marketers build in control systems to ensure they know what's working and what's not, early rather than late. Why wait until the end of the year? Why not have a system in place to keep track of key performance indicators?

You have done the work – specified the tactics, performed the actions – now, is the plan working? Have you achieved the objectives, is the strategy working, did you choose the right tactics – have you spent the money and time wisely? To find out, you must measure and review what you did – performance measurement. To do this, you need to determine what data you will look at each day, each week, each month, each quarter. This is the control section of the digital marketing SOSTAC® cycle. Remember, we

agreed in Section 10.3 that your objectives had to be SMART: specific, measurable, achievable, realistic and time-related. Now we test whether they were!

Essentially, all the objectives listed in the objectives section now need to be measured and monitored – some of them quarterly, others monthly and others daily. This puts you in control. In addition, there are other controls that need to be in place: usability testing; concept testing; A/B testing.

Time has to be made for a regular review of what's working and what's not – performance diagnosis. Good marketers have control over their destinies. They do not leave it to chance and hope for the best. They monitor key metrics regularly – sometimes by the hour (see the Digital Marketing Insight box on McDonald's hijacked Twitter campaign, below). They reduce risk by finding what works and what doesn't. Then, your e-tactics, or even strategy, can be changed through corrective action if necessary. Your plan should specify:

- KPI metrics to be measured
- Who measures what
- How often
- To whom (who takes appropriate actions arising?)

And you don't want to wait for the year end to find out that something isn't working. If something is wrong, you need to have control systems (reviews) in place so that you find out and correct the problems early rather than late. Equally, if something is working unbelievably well, you need to know so you can learn and perhaps accelerate the success.

Digital Marketing Insight

Importance of monitoring your own campaigns: McDonald's hijacked Twitter campaign – withdrawn within one hour:

Give consumers a microphone, and they'll have something to say – it just might not be what you want to hear. That's a lesson McDonald's learned once again, the hard way.

A McDonald's restaurant in San Jose, Calif. Earlier this month, the fast-food chain was forced to pull down a social media campaign it had launched on Twitter using the sponsored hashtag #McDStories. Hashtags are clickable links Twitter users can include in their posts to aggregate tweets on the same subject. McDonald's (MCD) had hoped to promote the quality of their ingredients. They first used the hashtag #MeetTheFarmers, and all was well, but then they switched to #McDStories, expecting fans would share positive experiences. Instead, the tag became a way for animal activists and less-than-satisfied diners to air their grievances.

McDonald's quickly pulled down the promoted hashtag, but it lives on. There's also a new one that's grown infamous – #McFail – which is being used by those discussing the fiasco.

Such is the way of social media marketing: It can backfire quickly and spectacularly. As the Financial Times *pointed out, McDonald's is only the latest victim. There have been similar backlashes against social media campaigns from brands such as fast-food chain Wendy's and Australian airline Qantas.*

McDonald's social media director, Rick Wion, told PaidContent.org: 'Within an hour, we saw that it wasn't going as planned. It was negative enough that we set about a change of course.' Wion said McDonald's carefully selects the words and phrases it uses in promoted tweets because it is inevitable both 'fans and detractors will chime in'.

In Wion's Twitter feed, @rdublife, he is still discussing the incident and he shared a statistic: On the day of the promotion, there were more than 72,000 mentions of McDonald's and only 2% were negative. A certain amount of negative feedback must be expected in every social media campaign.

This story was reported on CNBC (Cheddar Berk, 2012).

The Metrics

Performance is measured against detailed targets based on the objectives and strategy.

So you need to measure the KPIs that were detailed in Section 10.2 on situation analysis and Section 10.3 in the objectives section. Table 10.3 shows a list of typical KPIs. Whatever selection is used, it should match with the KPIs listed in your objectives. The measurement of these KPIs will also be eventually included in your next plan's performance analysis (part of the situation analysis).

Sales, leads, awareness, attitude and ROI are the most common metrics used to manage or control the business. Regardless of which KPIs are used, remember that metrics are more useful when you compare first, across your industry (note: it is also interesting to compare with scores from excellent businesses outside your industry sector); and second, backwards to see any trend. So where do you get this information? Many of the metrics concerning visitor behaviour are available from *your analytics*. Collection by other information systems

Table 10.3 Control – the metrics

What do you need to watch?	How often (daily, weekly, monthly, quarterly)	Who will doit? Agency or staff?	What does it cost to measure this?
Marketing objectives:			
Sales			
- Units			
- Revenue			
- Market share			
Leads/Enquiries (number of)			
- Unique visitors			
- Repeat visitors			
- Quality enquirers			

What do you need to watch?	How often (daily, weekly, monthly, quarterly)	Who will doit? Agency or staff?	What does it cost to measure this?
- Registrations			
-Actual enquiries			
- Value of enquiries			
Conversion rates			
- from enquiries			
- from registrations			
(a) white papers			
(b) newsletters			
- from trial purchases			
- from channel sources			
Churn rates			
-Attrition rate (cancelling contract)			
- Unsubscribe (to email/newsletter)			
ROI (Return on investment)			
MarComms objectives:			
Awareness levels			
- (a) Brand			
-(b) Brand benefits			
Affection levels			
- Sentiment analysis			
-‘Shares’			
-‘Likes’			

What do you need to watch?	How often (daily, weekly, monthly, quarterly)	Who will doit? Agency or staff?	What does it cost to measure this?
Engagement levels			
- Engagement ratio: Sum of 'Shares', Likes & Comments to Total 'Likes'			
Social network analysis			
- finding networks of influence			
Customer satisfaction scores			
Loyalty levels			
- net promoter score			

Source: Adapted from Smith (2011)

or processes is required for key measures such as sales, subscriptions, conversion and attrition rates. Standard practice should ensure that data from the different sources are compiled into a monthly or weekly report and are delivered *and* reviewed by the right people. Decide which metrics need to be reviewed daily, weekly or monthly, and by whom. The e-marketer must know which tools are working. That's why the 'channel source' of sales or enquiries is useful – if a particular banner ad doesn't pull customers, drop it and try another until you find one that does. This can be monitored in much more detail – measuring variations in each tactical tool.

Remember that all forms of measurement (or metrics) cost money – you'll have to factor in budgets and resources for any of these control mechanisms including surveys for the MarComms metrics:

- Monitoring customer awareness
- Monitoring customer satisfaction

- Monitoring customer attitudes.

Many of the above variables can be measured offline (street surveys) as well as online, as these variables are influenced by both online and offline tactics. Other forms of control like sales analysis only require your own time (and your team's time in compiling the reports). So how do you know if things are going well? Some objectives are easy to state and easy to measure: existing recording systems in the organization will produce the data to answer the question: so if the objective is to grow sales – well, what was the target for growth and the timetable for achieving it – and did you make it?

Digital Marketing Insight

Sentiment analysis

Sentiment analysis identifies themes, sentiments and connections. It can:

> ***[R]eveal sentiments as positive, negative or neutral. NB Ask yourself: 'are there themes clusters or specific terms that are emerging? Should I be encouraging the conversation, responding or correcting?' An analytics tool should be able to show you: Trends in positive, negative & neutral activity & drill down & see the actual comments... Incorporate learning from online conversations into planning cycles.***
>
> ***(Delahaye Paine* et al.*, 2010)***

Digital Marketing Excellence

What's your process for gleaning customer insights from conversations?

Continually use customer insights from online conversations to improve performance. Develop a systematic approach to regularly do this?

Consider how the motor industry has adapted online. Many manufacturers are dealing directly with consumers, in terms of information provision and order taking: some dealerships should be worried, the process of disintermediation is going to squeeze them out. Remember there are only 1.6 visits to a car dealer today compared to five visits ten years ago when buying a car (see Chapter 3, Section 3.7; O'Neill, 2015).

But how should the industry measure its success? By counting sales and sales leads directly generated online – that's the easy bit. And also by measuring conversion rates for people who visit the web site and choose your brand of car when they subsequently go to a dealer. This is difficult to measure, so you need to be capturing customer feedback scientifically and measuring levels of customer satisfaction – that's the hard part.

To be in control, you also need to know about how digital trends affect your customers: 'Who?', 'Why?' and 'How?' (see Chapter 4).

Corrective Action

Corrective action is used to revise the strategies and tactics to ensure that the objectives are achieved. Or perhaps the objectives need revising? To minimize the need for corrective action, good marketers can monitor performance before they are even rolled out by rigorous concept testing. Digital marketers can reduce risk with relevant information (metric) so that they make more informed decisions which, in turn, boost results.

So which of the tactical tools are giving the best return on investment? See Procter & Gamble's (P&G) BeingGirl ROI calculation (Table 10.5). It is

possible to compare ROI across different channels. It is also possible to calculate Cost Per Enquiry and Cost Per Order (see Table 10.4).

Remember that these simplified approaches ignore the previous effects of other marketing activities (see Chapter 3, Section 3.4 on attribution models).

Digital Marketing Insight

Watch your engagement ratio – stay relevant

In 2012, Oscar Ugaz posted the following comments on iSportConnect (www.isport-connect.com):

> ***Some months ago, a well-known sports brand reached 5 million fans on Facebook, so they posted on their wall to celebrate the happy event: 'Today is a magical date that we will never forget. Today we are going to reach 5 million fans in our football page. We only can say something to you: 5 MILLION OF THANKS.' They only received nine comments, eight of which were the usual mumblings, but one of them was happy to say what he thought: 'Today is also my birthday and that is more magical. The 5 million fans don't say anything to me. You guys are getting a little boring.'***
>
> ***Last October [2011], Facebook Pages started displaying the new '[People] Talking About This' metric [Wasserman, 2011], which measures the number of unique people who have created a story (comment, like, share) about a specific page during the last week. From this data derives another interesting one: the engagement ratio (ER) – a percentage that measures how many fans really interact with the page.***
>
> ***Over the last three weeks, the average ER for the major European football clubs on Facebook (Real Madrid, FC, Barcelona and Manchester United) was 3.5% of an average fan base of more than 20 million each. I remember many meetings concerning the number of fans clubs have. Some people***

Table 10.4 Cost Per Order and Cost Per Enquiry

	Volume of people/size of audience	Total cost £	CPT/CPM (cost per thousand people reached) £	% CTR Click through rate/Visit web site/Enquiry	Unique visitors	Cost per visitor/lead £	Conversion Rate Visitors to customers, say 1%	No. of orders	Cost per order £
SEO									
Blog									
Banner ad									
PPC ad									
Opt-in email									
Viral A									
Online sponsorship									
E-zine/E-newsletter									
Press ad									
Direct mail									
List A									
Telemarketing – outbound									
Exhibition B									

said: 'But, "Club A" have more fans than us. We must do something.' A second point of view was: 'What is important is not the size, but what we do with those fans.' The latter way of thinking is the one that produces great content and entertainment.

(Ugaz, 2012)

Are you in control? What is the value of all your social media efforts?

Do you know the value of a 'Like' or a 'Share' or a Tweet or a review?

Eventbrite knows that a 'Like' generates US$1.34 in revenue (Hubspot, 2011); a Tweet generates US$0.80 in revenue (Hubspot, 2011); a link shared on Facebook generates US$2.52 in ticket sales (Halligan, 2011). Ticketmaster knows that a comment such as 'I bought a ticket from Ticketmaster' generates an additional US$5.30 on the site from a percentage of that person's friends (who presumably decide to go to the same event) (Halligan, 2011). PowerReviews found that when a person shares a customer review on Facebook in their newsfeed, it generates US$15.72 in sales (Halligan, 2011). In addition, Facebook users who utilize a 'Like' button visit 5.3 times more web URLs to engage with content and on average have 2.4 times more 'Friends'. So providing a 'Like' button on a web site gives a brand access to

these more socially engaged consumers and their networks. A 'Like' can start a conversation with both new and existing users and it can also drive more traffic to your page.

A Syncapse (2010) sample revealed that customers who are also Facebook fans spend, on average, US$71 more than customers who are not Facebook fans. And customers who are also Facebook fans are 28 per cent more likely to remain loyal to your brand. See Table 10.5. Do you believe this demonstrates the value that social media can generate? Many have argued that this doesn't isolate a causal effect and you would naturally expect fans to be higher value, since they are more likely to be customers anyway (and passionate customers).

So that is the additional revenue generated by investing in developing a Facebook following. How might this convert to ROI? Procter & Gamble reportedly calculates a 200 per cent ROI from their BeingGirl web site. It is suggested that this is a four times better return than from traditional advertising. The next section explains how they calculate it.

A more recent alternative analysis (Denis, 2014) suggests the following Facebook brand fan values:

- Oreo's Facebook fan = $5.90
- Hubspot's Facebook fan = $3.71
- Audible's Facebook fan = $10.04

Denis provides three relatively unscientific models for calculating a brand fans' potential value (aside from costs): Halo Value, Leads Value and Revenue Value.

Table 10.5 The value of a Facebook fan

	Average customer value of non-Facebook fans (US$)	Average customer value when Facebook fans (US$)
Nokia	63	171
BlackBerry	97	132
Motorola	69	160
Dove	57	141
Gillette	76	126
Adidas	73	125
Nike	83	205
Coca-Cola	120	190
Nutella	53	101
Red Bull	50	113
Pringles	60	133
Starbucks	110	235
McDonald's	150	310

Source: Syncapse (2010)

Return on investment of a web site

Procter & Gamble's BeingGirl web site (www.beinggirl.com)

Each 'girl' customer has an estimated spend of US$5 p.m. on feminine care products for 40 years.

- Generates a lifetime value of: US$5 × 12 months × 40 years = [US$2,400] per girl
- 20 per cent margin (or contribution): 0.2 × US$2,400 = [US$480] margin per girl

Web site traffic (unique visitors): 1,875,000 girls
1 per cent yearly customer conversion rate = [18,750] new customers converted p.a.
18,750 new customers @US$480 lifetime contribution = [US$9,000,000]
Cost to run web site each year: US$3,000,000
Yearly profit: [US$6,000,000]
Return on Investment (Return/Investment):
Return (Profit/Margin/Contribution): US$6,000,000
Investment (cost of developing, maintaining and getting traffic to the site): US$3,000,000
ROI = 200 per cent.

Note: next year they will recruit another 18,750 customers and so on each following year. This is somewhat simplified as the future revenue stream (stream of contribution/margin) should be discounted to net present value. It is assumed (1) that their marketing is good enough to keep a customer for life; and that (2) every year they continue to recruit 18,750 new customers as new visitors grow into their market place. This calculation does cause some debate regarding its robustness, but at least it provides an insight into how the lifetime value perspective changes how marketers see customers and the budgets they are willing to spend to acquire them and retain them. Of course, things do not always go according to plan, but good marketers build contingency plans for those 'what if' scenarios.

Contingency plans

Good marketers always have contingency plans. What happens if Plan A doesn't work? Or worse, what happens if the competition cuts prices? Or worse still, what happens if the server goes down and your network crashes? Do you have a second server? Good marketers think things through.

On a more positive note, good marketers react quickly to emerging opportunities and threats. Some companies, when checking the daily web statistics, spot a lot of additional traffic on a particular page, or a particular item that is being purchased more frequently; they then highlight the page or the product on the main home page to boost even more traffic/conversions for a period until they spot some other, more popular, page emerging.

Section Summary 10.7

Control

The control section of your plan is all about specifying what you will monitor, how often and who does it. List the KPI objectives including both marketing and MarComms objectives. Schedule and budget for regular monitoring. Most importantly decide what to do with this information. Finally, the monitoring of these KPIs will feed into the next situation analysis (in the performance review/analysis).

10.8 The 3Ms resources: Men, Money and Minutes

Budgeting for the delicate balance of resources required to run an online operation is a science not yet fully understood by many. The late Professor Peter Doyle (1994) simplified this critical issue when he said: 'The resource allocation decision is the choice of which products and markets offer the best opportunities for investment.'

We are going to consider resource allocation among different products, markets and digital marketing tools by splitting the resource issue into three

components – the 3Ms: men (and women – the human resource), money (budgets) and minutes (timescales and time horizons for production, delivery, service, etc.).

Men (and Women)

How many bodies are required to deal with incoming email enquiries and outgoing telephone calls triggered by the 'callback' facility on the web site? Or can it be automated and personalized? How much time is needed to notify customers of deliveries? How much time and what skills are required to set up a project and integrate with the existing (legacy) database systems, etc.? These are some key questions in the area of people resources. Even at times when many tech companies are shedding staff, really able people who know what they are doing in terms of web site design, e-commerce delivery, e-business strategy, online media sales, etc. are not in huge supply. Do you have the skill sets required for a full digital transition? Or perhaps you will stagger the transition (according to the Smart Insights digital transformation capability steps shown in Chapter 9, Figure 9.4). So you might have to draw upon your internal resources (staff) and external resources (agencies, consultancies or recruit new staff) to deliver your plans.

It is often said that a company's greatest assets walk out of the door each night – i.e. its staff.

Human resource allocation can be critical: if you can find existing resources to fulfil some of the current digital marketing requirements and plan for future skills required, then you keep costs down, reduce pressure on margins and plan for future growth.

Outsourcing or insourcing

To outsource or not to outsource – that is the question. Outsourcing continues to grow in popularity both in major strategic aspects of digital marketing and in shorter-term tactical aspects. In Chapter 3, Section 3.2, we explained how value networks and their dependence on excellent outsourcing management skills are becoming increasingly popular. Here are a few specific outsourcing questions to consider.

So you need to update your web site, build a new blog, grow a highly interactive Twitter following – do you do it in-house or contract out to an agency? And what balance should you strike between resources allocated to building the site and those required to maintain it on a regular basis, leaving a pot aside for a complete review and upgrade in three, six or nine months? Do not forget traffic – resources are also required to build traffic. Remember that an out-of-date web site (or even just out-of-date content) damages the CX and therefore damages your brand: who will trust you if, for example, the special offers on the web site have expired?

Other resources to consider are customer service via social media like Facebook: are additional staff required or can the in-house team be trained to do it? Who will do the digital marketing research? Who is going to analyze the data you get from the customer feedback, and who is going to produce the recommendations? Is it the existing team or a new team – internal (staff) or external (agency)? If customers show that there is a need to change procedures, do you have the people to react and respond?

Don't underestimate the ability of customers to consume your people resources: if you offer an email response mechanism, who is going to answer the incoming emails? If you create a Facebook page, who will engage in conversations? But if you don't answer them, or don't even offer an email response, you are still locked into last century's marketing philosophy.

Money

Of course, to a large extent, the people resources at your disposal will be a function of the money resources. So once you have calculated the people requirements for your digital marketing plan, you need to work out how to get them: you need to find the skills, and you need the budget to pay for these skills.

Marketing costs money; digital marketing is no different. Your digital marketing plan must include a budget covering the costs you will incur and a clear benefit statement – what will the ROI be?

Be aware that the very nature of digital marketing means you may be expected to demonstrate a clear relationship between investment and return: if your budget is allocated in order to create an online service that generates sales, then you'll have to create a model showing the ratio of digital marketing cost to sales return, or ROI as in the P&G example earlier.

And be realistic in your expectation: if revenues fall short of the plan, you should assume this will bring pressure on the money resources left at your disposal! You may have to trim costs on the web site or reduce the other online marketing spend.

Try, therefore, to get a sliding scale agreed, so that there is also an upside: develop plans for additional marketing activity if sales are going well, so you can quickly go up a gear and build on the success.

But with digital marketing, you also have opportunities to generate income: can you get sponsors for your web site or sell some banner ads? Can you partner with suppliers of other products and get a commission (effectively become an affiliate partner)? If you can do any of these, you can then approach the budget decision makers and negotiate to be able to spend some or all of the income you generate.

Also, don't forget the obvious: work out what you could usefully do for free. You may find a complementary business prepared to exchange banners and

links; you must certainly ensure that you are well represented on search engines. Look around the web for opportunities to promote your sites and services or acquire names for your database which won't cost you a penny.

A specific warning too: don't underestimate the resources required to maintain a web site. Too often, companies go out and spend vast sums getting designer-rich agencies to build flashy and complex sites and then find that when it comes to updating the content and answering the customers, there is no resource left to cover this. Finally, don't forget that a wonderful site without traffic is a dead site. So budget is also required to generate traffic.

Minutes

Time is often the most limiting of all of the resources. Does it ever seem that there are simply not enough hours in the day or days in the week?

Of course, the digital marketing world is used to shorter timescales: you might need three months to prepare a TV campaign or 12 months to create a new pack; but you could build a new web site in a lot less time. Or could you? How long would competitor analysis, focus group discussions, concept testing and usability testing take? Even simple banner ads take time to prepare. The creatives required for an online banner campaign are generally less complex than those for a print campaign; and, of course, booking times are shorter: you can, in theory, plan, design and deliver an online campaign in a matter of days.

So get the balance right: recognize that digital marketing has an expectation of being able to think, plan, react, change and respond quickly; that's the fun and excitement, and also the power of digital marketing. But don't be bullied into skimping on the planning, research, design and development just because timescales are too tight. Allow time for regular and systematic pilot

testing, beta testing and constant split testing (web pages, emails and ads, etc.). Build this testing (actions) into your plan and allow time for them. Once you have done it once, it becomes easier and easier, and eventually you create a beta culture where you continually optimize all of your digital marketing.

Digital Marketing Insight

5:2:1 versus 1:2:5

It has been suggested that UK companies tend to adopt a ratio of 5:2:1 (site design to site maintenance to traffic building), whereas the ratio tends to be 1:2:5 in the United States. The US approach makes sense, as there's no point having a wonderful (expensive) web site or social media platform if no customers or prospects bother to visit. In addition, as mentioned earlier, popular sites are frequently updated during maintenance (serviced) and are quick to download even in a download world.

Digital Marketing Insight

Restructuring to obtain resources

An alternative view of digital transformation is restructuring through mergers, acquisitions or selling off some brands or companies within the portfolio. Way back in 2010 Gulati and Garino identified a continuum of strategic approaches from integration to separation which they describes as:

1. *In-house division (integration);* e.g. RS Components Internet Trading Channel (www.rswww.com).
2. *Joint venture (mixed).* The company creates an online presence in association with another company/brand.
3. *Strategic partnership (mixed).* This may also be achieved through purchase of existing online businesses; e.g. in the UK, Great Universal Stores acquired e-tailer Jungle.com for its strength in selling technology products and strong brand, while John Lewis purchased Buy.com's UK operations.
4. *Spin-off (separation)*; e.g. Egg bank is a spin-off from the Prudential financial services company.

The advantages of the integration approach, according to these authors, is being able to leverage existing brands, share information and achieve economies of scale (e.g. purchasing and distribution efficiencies). They say the spin-off approach gives better focus, more flexibility for innovation and the possibility of funding through flotation. For example, Egg has been able to create a brand distinct from Prudential and has developed new revenue models such as retail sales commission. They say that separation is preferable in situations where:

- A different customer segment or product mix will be offered online
- Differential pricing is required between online and offline
- There is a major channel conflict
- The Internet threatens the current business model
- Additional funding or specialist staff need to be attracted.

Section Summary 10.8

Resources: men, money and minutes

Your digital marketing plan must provide properly for the resources you will need to deliver:

- Men (and women) – you need to work out what people resources you will need and how to acquire these in a market where core skills are not abundant.
- Money – you need adequate budgets in order to achieve your plans; this will include a forecast for the ROI and a plan to be able to adjust costs if sales figures are higher or lower than expected.
- Minutes – your digital marketing plan must contain timescales, schedules and deadlines. Allow time for constant testing and create a beta testing culture for continual optimization/improvement.

Chapter Summary

1. Digital marketing plans must support and be integrated with corporate or business plans and marketing plans. SOSTAC® stands for: Situation analysis, Objectives and Strategy, Tactics, Action and Control.
2. Situation analysis is the first part of the digital marketing plan. It explains 'where we are now'. It reviews internal resources and digital marketing performance, and external factors such as customer, competitor and intermediary activity. It also reviews the PEST factors – Political, Economic, Social and Technology. SWOT analysis is part of the situation analysis and is used to summarize Strengths, Weaknesses, Opportunities and Threats.
3. Objectives are 'where we want to go'. There are several approaches including marketing and MarComms KPIs, the 5Ss (Sell, Serve, Speak, Save and Sizzle), and the Big 4 (Revenue, Margin, Satisfaction and Brand Value). Objectives must be quantified and checked to ensure they are SMART: Specific, Measurable, Achievable, Realistic and Time-related.

4. Strategy summarizes 'how we get there'; i.e. how the objectives will be achieved. The key components are highlighted by TOPPP SITE: Target markets; Objectives; Positioning; Processes; Partnership; Sequence; Integration; Tactical Tools; Engagement. Strategy drives tactics. There's no point rowing harder if you are rowing in the wrong direction.
5. Tactics are driven by strategy. They describe the e-tools used and how they will be sequenced through time. The tactical matrix can be used to discuss and determine which tactical tools are most appropriate for different stages of your plan.
6. Action equals implementation of plans. How can you ensure excellent execution of your plan? Clearly defined processes, systems and even checklists can help. Internal marketing (communication, motivation and training) needs to be in your plan and requires resources.
7. Control gives a feedback loop, starting with monitoring whether the objectives are achieved, assessing what the problems are and then revising the strategies, tactics and actions as appropriate.
8. Resources can be planned through the 3Ms of Men (and women; i.e. the human resources), Money (budgets) and Minutes (timescales and time horizons for production, delivery, service, etc.).

For more on SOSTAC® Planning see www.SOSTAC.org

Appendix: Huawei smartphones – digital promotional plan for the Irish market

Situation Analysis

Huawei was a global Chinese tech giant with a strange name and no brand recognition in the Irish market. Huawei had 4 per cent market share and was viewed as a non-contender against competitor brands.

Strengths and weaknesses

Huawei's strengths are the quality of their products. They are also the largest telecom equipment maker. The market perceived Huawei smartphones as being 'cheap' and their products not on par with competitive products in the market. However, Huawei products are developed with the latest and smartest technologies with continual product innovation and improvement. Huawei products are cheaper than their competitors. Huawei's agency, Connecter, knew that the P8 could compete more than credibly in key product areas such as the camera and the social sharing functions. Huawei's P8 has, arguably, the best phone camera in the market.

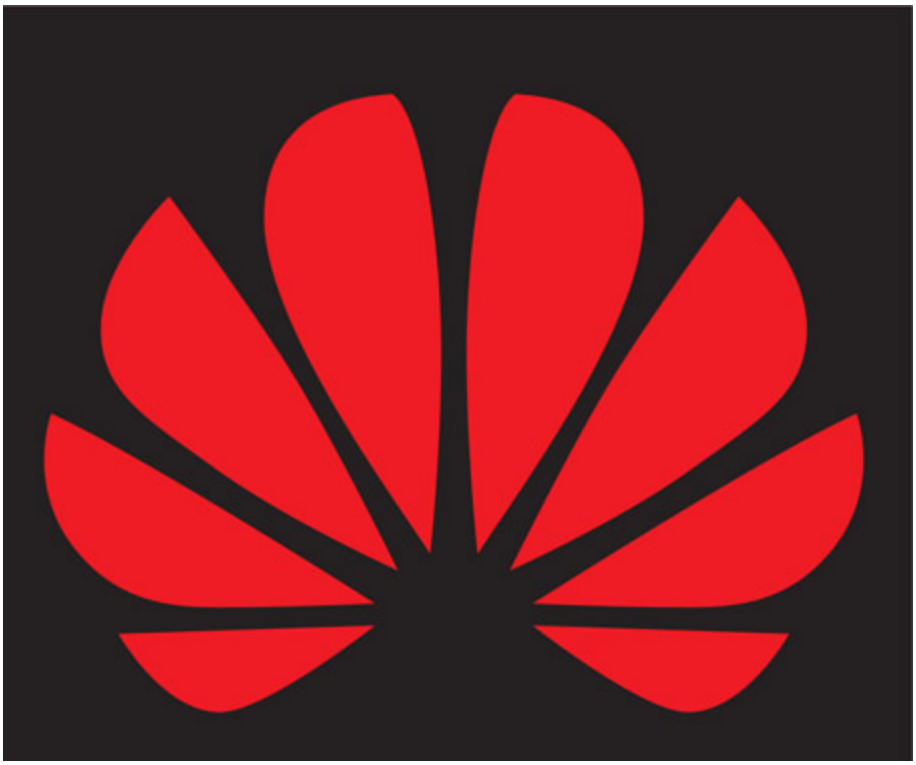

Figure 10.14 Huawei logo

Reproduced by kind permission of Huawei and Connector

Opportunities

Alongside the overall growth in popularity of smartphones, the increasing use of the photo function and the desire to share, market research revealed the growing popularity of Instagram as a platform for those who really enjoy their photography. Instagram is unique amongst social media platforms. This gives a wealth of opportunities for rich visual storytelling and photographs in particular. Instagram posts get 120 times more engagement than Facebook and 58 times more than Twitter. See Peterson (2014).

Threats

Intense competition comes from Apple, Samsung, Sony and HTC, all of whom enjoy a well-established, long-standing, presence in the market. The dominance of these, and other, competitors presented a real challenge for Huawei. For example, Apple's iPhone and the Samsung Galaxy are recognized worldwide as fantastic smartphones. Combined, they accounted for over 60 per cent of all smartphones sold in Ireland.

Target audience

Customer research identified that Instagram was a natural home for photographers using smartphones. These are not professional photographers, but rather, just those people that simply enjoy taking photos. Taking good photos and sharing are important to Instagrammers. So Instagrammers were targeted with photograph awards in different categories used to engage them. Two key segments were targeted:

1 The Life Enhancers – those with a variety of hobbies, whose product choice is part of their identity and who like to keep their social circle up to date.

2 The Tech Explorers – these are the fashionable tech connoisseurs who embrace all that is new as long as a product is in tune with their technical critical sense.

Further customer research uncovered their interests and attitudes, which were crucial in helping to select the categories for the awards: Fashion, Travel, Technology, Sports, Family etc. These categories were used when selecting Instagrammers to help promote the awards. Connector, carefully selected influencers who represented these categories (or user segments). With over 480,000 Instagram users in Ireland at the time, this platform was discovered as having the potential to open up a critical mass which could make sufficient noise and impact for Huawei. Surprisingly, there weren't too many brands active on Instagram! Only 20 per cent of the top 100 brands on Facebook in Ireland were active on Instagram. It would be easier to stand out on Instagram than on any of the other major social platforms.

Objectives

To break into the Irish premium smartphone market and establish Huawei as a credible challenger by building Huawei's quality, technical and social credentials, while simultaneously increasing distribution and market share in Ireland. Specifically, this meant:

1 Build Huawei's quality, technical and social credentials
2 Increase distribution of Huawei P8 (and other Huawei phones) from 70 per cent to 100 per cent of smartphone distributors by the end of 2015
3 Double Huawei's market share in Ireland (from 4 per cent to 8 per cent) by the end of

Figure 10.15 Strategy: Connect with target audience by inspiring creators, photography lovers and influencers

Reproduced by kind permission of Huawei and Connector

Strategy

Connector's strategy was to connect with Huawei's target audience by inspiring and building a strong relationship with creators, photography lovers and influencers by collaborating with them and launching the first ever Instagram photography awards – the Huawei Snapys, empowering communities to ignite their creativity and free their imagination by connecting the smartphone with the best camera to the most passionate photographers in Ireland across 20 different categories.

Changing the dynamics of advertising, Connector turned the social media audience into both the medium and message by creating user generated

content (UGC) for Huawei and facilitated sharing it with their followers, which, in turn, conveyed the campaign message.

The Snapys integrated photo awards campaign helped Huawei to connect across all touch points with a passionate community and share what's unique about Huawei with the world! Huawei tackled the dominance of the major smartphone brands by focusing on a key area where Huawei could and would win; i.e. the high quality camera and the easy sharing functionality.

Tactics

Ireland's first ever Instagram photo awards, The Huawei Snapys, in co-operation with Instagram, were launched. This had never been done before. Connector built the technology that showcased the entries and allowed people to vote across all social platforms.

14,500 entries were received. Huawei's social media following started growing rapidly on Instagram. Long term, Huawei wanted to be positioned as the top android smartphone in Ireland.

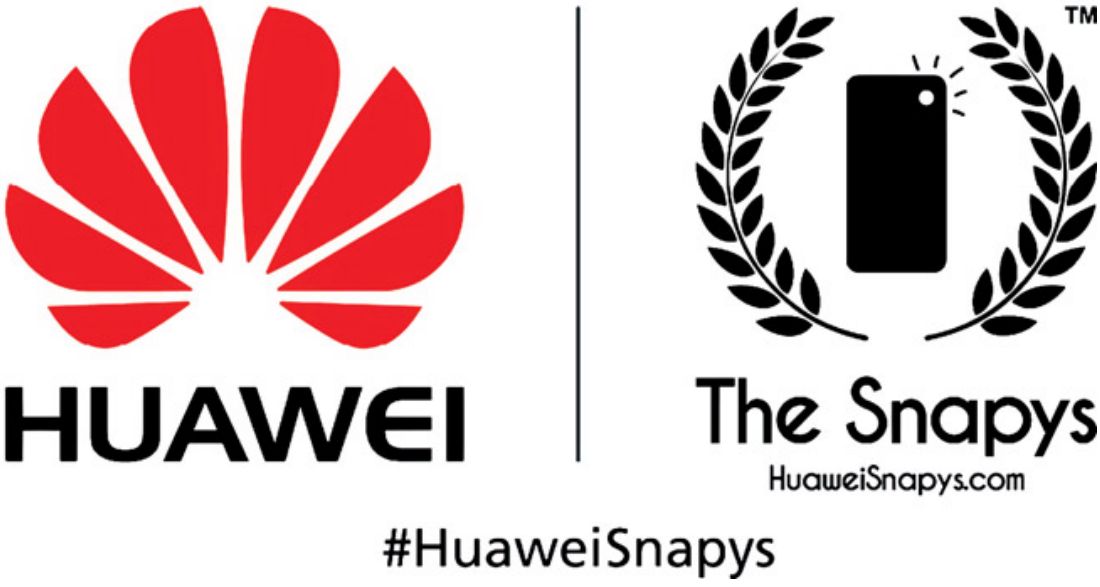

Figure 10.16 The Huawei and The Snapys logos

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Traditional and digital media were used to call for entries across 20 categories, including Fashion, Food, Family, Travel, Social, No Filter, Ireland and Sport, to name a few, and showcased entries which extended the campaign to digital screens in shopping centres and train stations, effectively making the campaign live in real-time.

Huawei's publishing partners, Maximum Media, created dynamic formats that allowed users to vote via the banner on the article they were reading, without having to leave the web site.

The constant stream of user-generated content was promoted centre stage in subsequent media placements such as digital ads, thus giving the campaign additional momentum.

Huawei Snapys gave entrants a platform to showcase their talents while highlighting the P8's amazing camera and social media sharing capabilities.

The combination of this innovative platform and community engagement positioned Huawei and the P8 smartphone firmly as the device of choice for those that live their life through socially connected channels and who use photography as a key form of expression in their daily lives.

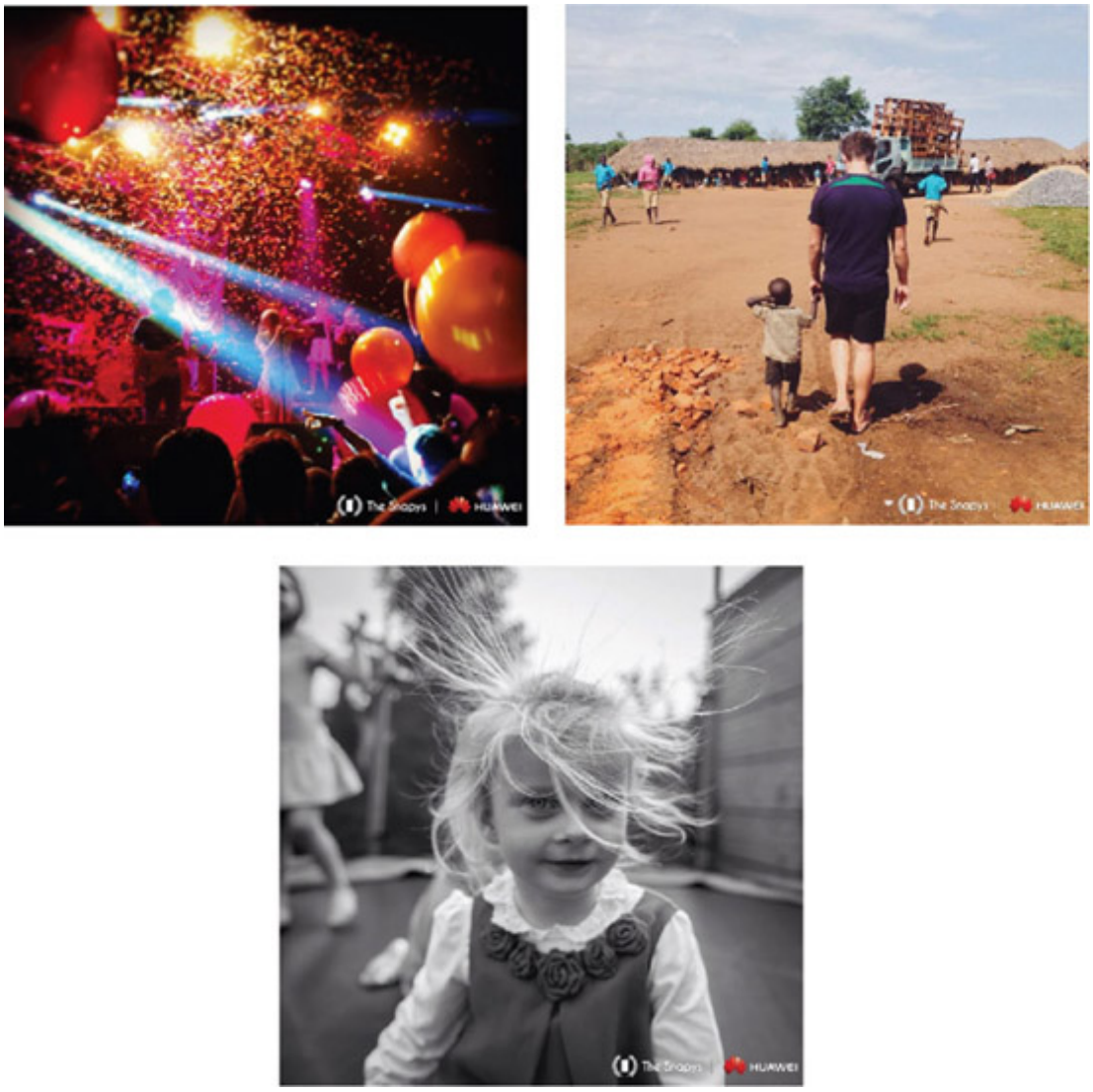

Figure 10.17 Some of the photo entries

Reproduced by kind permission of Huawei and Connector

Action

To ensure tactics were executed effectively, Connector reached out and worked closely with Instagram and publishing partners Maximum Media.

The project was carefully documented in every phase, creating a blueprint document that allows the project to be exported to new countries. (See

www.thesnapys.com)

Control

The following metrics were carefully monitored:

- *Market Share.* Huawei's market share (driven by the P8) increased from 4 per cent to 10 per cent by the end of 2015.
- *Distribution.* 100 per cent reseller penetration – just in time for the Christmas sales period. The campaign has received internal accolades within Huawei, showing this best-in-class example of how Huawei can work with social media platforms to drive business growth. Huawei phones were the number one smartphone sold in Meteor/eir stores during the Christmas period.
- *Number of entries.* The campaign received 14,500 entries, with those entries receiving over 470,000 engagements (Likes/Comments/Shares).

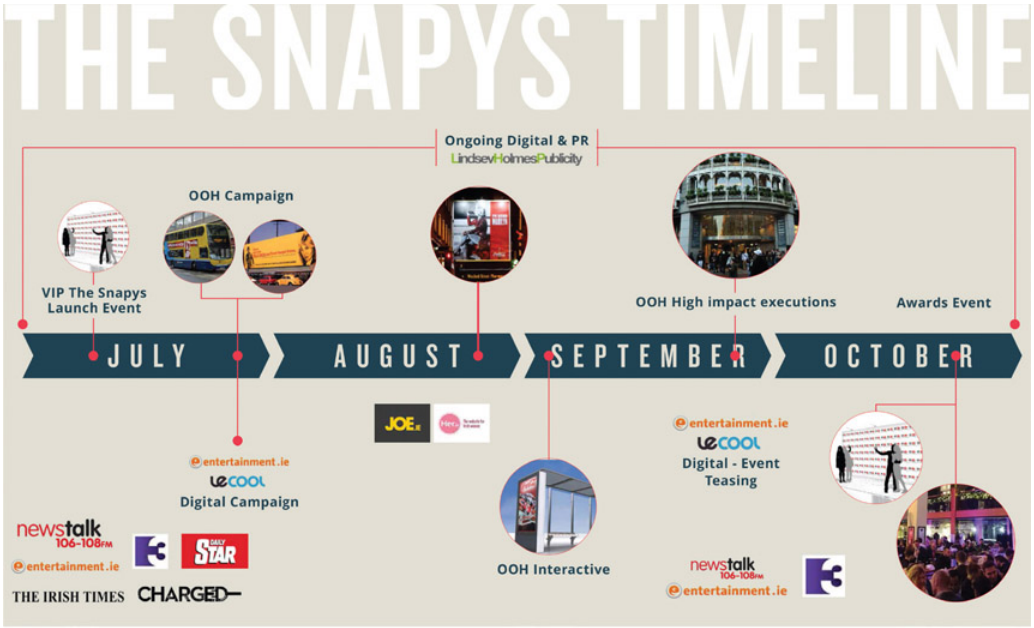

Figure 10.18 One-month preparation and three-month campaign

Reproduced by kind permission of Huawei and Connector

Figure 10.19 More photo entries

Reproduced by kind permission of Huawei and Connector

- *Social media followers.*
  - Number of followers: Huawei Ireland has 2.7 times more followers (5,816 followers) than Samsung Ireland (2,145 followers)
  - Brand coverage/mentions/hashtag usage: the campaign hashtag – #huaweisnapys – got 14,500 social mentions and was monitored daily to see the number of times the hashtag was used on Instagram.

Tracking the hashtag helped to track conversations about the competition and the awards event. By tracking the hashtag, Connector

was able to follow discussions and keep up with the conversation and easily measure the buzz around the competition and event.
Metrics tracked with the hashtag were: buzz, engagement and reach and compared against relevant campaigns and competitor campaigns.

- *Engagement.*
  - Interactions: the total number of Likes and Comments divided by their type during a selected time range
  - Cities of posts on hashtag: the distribution of cities of posts during a selected time range
  - Top posts by interactions: top posts sorted by the sum of Likes and Comments during a selected time range
  - Number of contributors: the average number of contributors per day
  - Reach: the total number of estimated unique Instagram users that posts were delivered to during a selected time range
  - The total number of website visitors and time spent on the site
  - The total number of new followers for Huawei.

- *Buzz.*
  - Total potential impressions/Average potential impressions per day: potential impressions during a selected time range based on the number of times posts on the hashtag reached Instagram followers of the contributors
  - Top contributors by interactions
  - Top contributors by the sum of Likes and Comments generated.

- *Organic reach.* All the social media results were organic – no ads were used.
  - Influencers engagement: 250 influencers with over 4,000 followers
  - Estimated impressions: 12,500,000 potential impressions.

Quintly, an online social media analytics tool, was used to measure the performance of the campaign online and to measure Huawei's key competitors' performance.

What was monitored and how often?

Website traffic was measured on a daily basis. This revealed the effectiveness of the search engine optimization (SEO). Monitoring unique visitors, number of visits, duration and repeat visits showed how effective the campaign was in driving traffic. The total number of new sessions and repeat visitors revealed how effective the campaign was in terms of reaching and continuing to engage customers.

Clickthrough rates from display advertising was also monitored. Conversions in new followers were watched closely.

Social metrics included new followers, comments, likes, retweets, mentions, channel views, bounces and subscribers. We conducted an in-depth analysis of our campaign hashtag #HuaweiSnapys performance allowing us to refine our communications across social media channels based on these insights. The analytics identified what needed tweaking to constantly optimize the results.

The Quintly/Minter.io analytics package monitored all social platforms and gave benchmarking results. The total cost was €700 per month (for a complete pack of analytics tools).

Figure 10.20 Two of the winners in the Sport Category and the Fashion Category

Reproduced by kind permission of Huawei and Connector

Resources required

Men (and women – HR) – how many people worked on this project (agency and client)?

Eight people, plus help from the publishing partners, Maximum Media; and also the Instagram team.

Money (budgets) – how much did it all cost? Were any ROI calculations done?

€25,000 on digital and another €10,000 on PR. The outdoor media cost was part of a separate product marketing budget.

Minutes (time/scales) – how long did it take to set it up? How long did the campaign run for?

One month to set up, followed by a three-month campaign.

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Self-test

1. Summarize the relevance of the elements of a SOSTAC® e-plan for your organization.
2. What are the main factors of situation analysis that should be reviewed in the areas of internal and external review?
3. Summarize objectives for your organization for each one of the 5Ss.
4. What are the elements of strategy summarized by TOPPP SITE?
5. Write down each of the e-tools used as part of tactics that are most relevant to your organization.
6. Which specific actions are required for you to build traffic, gain customer response, gain sales and fulfil them, if appropriate, and foster e-CRM?
7. What are the key measures of the effectiveness of your online presence?

8. Specify the main resource types required to develop an online presence.

Glossary

3G Third generation of mobile phone technology based on UMTS standard with high-speed data transfer enabling video calling and download.
4G Fourth-generation wireless, expected to deliver wireless broadband at 20–40 Mbps (about 10–20 times the current rates of ADSL broadband service).
A/B Testing A/B or AB testing refers to testing two different versions of a page or a page element such as a heading, image or button. The alternatives (A or B) are served alternately, with the visitors to the page randomly split between the two pages. Hence it is sometimes called 'live split testing'. Changes in visitor behaviour can then be compared using different metrics such as the clickthrough rate on page elements like buttons or images, or macro-conversion rates, such as conversion to sale or sign-up. A/B Testing is aimed at increasing page or site effectiveness against key performance indicators including clickthrough rate, conversion rates and revenue per visit. Since it doesn't consider combinations of variables tested, for best uplift, *multivariate testing* is increasingly used.

Acceptance (of customer) One of Hofacker's five stages of web site information processing. Does the customer accept (believe) the message?
Accessibility legislation Legislation intended to protect users of web sites with disabilities, including visual disability.
Acquisition cost Total promotional cost to gain a new customer.
Adaptive mobile web design Generally a more sophisticated approach than *responsive web design* that involves delivering an experience optimized for

handsets and splits the code and processing to render on different devices between the client and the server.

Ad groups Contain one or more ads that target a shared set of keywords. Each campaign is made up of one or more groups. Ad groups can be organized into different products.

Ad network A collection of independent web sites, each of which has an arrangement with a single advertising broker to place banner advertisements on a CPM, CPC or CPA basis.

Aesthetics of site design Graphics + Colour + Style + Layout + Typography.

Affiliate marketing A commission-based arrangement where referring sites (publishers) receive a commission on sales or leads from merchants (retailers).

Affiliate networks Brokers, known also as affiliate managers, who manage the form of links, tracking and payment between a merchant and a range of affiliates.

Aggregators A site featuring a range of product or service listings from suppliers; for example, a price comparison intermediary. Prices are usually updated by suppliers using *XML* feeds. Google Product Search is an example of an aggregator.

Agile development An iterative approach to developing software and web site functionality with emphasis on face-to-face communications to elicit, define and test requirements.

AIDA model Attention, Interest, Desire, Action. A model of hierarchy of responses to communications.

ALEA model Attention, Learning, Emotional response and Acceptance. A model of hierarchy of responses to communications.

Allowable customer acquisition cost (CPA) The maximum acceptable cost for gaining a new customer, typically based on consideration of the initial profitability or *lifetime value* for gaining that customer type.

Always-on communications A continuous investment in online communications to tap into continuous demand for products and services through a range of *inbound marketing* techniques – typically, search, display and affiliate marketing communications.

Animated ads A *GIF* or Flash file is used to present a sequence of several different image frames to the viewer.

Application programming interfaces (APIs) A method for automated data exchange through a feed in a defined format, enabling different systems or web services to integrate data.

Atomization Describes a concept where the content on a site is broken down into smaller fundamental units which can then be distributed via the web through links to other sites. The use of *widgets* and the distribution of content via *RSS* feeds are examples of atomization. The small units of content contributed by participants within a *social network* can also be considered atomization.

Attention One of Hofacker's five stages of web site information processing. Can the site attract the customer's attention?

ATR model Awareness, trial and reinforcement.

Attribution modelling The influence of different referring media in the 'path to purchase' is assessed to see which influenced conversion to sale. This compares to the simplistic approach of the *last-click model.*

Attrition rates Percentage of site visitors that are lost at each stage in making an online purchase.

Auctions A buying model where traders make offers and bids to sell or buy under certain conditions.

Auditing An independent body verifies the number of *page impressions* and *visitors* for a *web site.*

Augmented reality Blends real-world digital data capture, typically with a digital camera in a webcam or mobile phone, to create a browser-based digital representation or experience mimicking that of the real world.

Auto-responders Software tools or 'agents' running on a *web server* which automatically send a standard reply to the sender of an email message.

Average order value (AOV) The average amount spent for a single checkout purchase on a retail site for a particular customer group; e.g. first-time purchasers.

Backlinks Hyperlinks which link to a particular *web page* (or web site). Also known as inbound links. Google *PageRank* and Yahoo! WebRank are methods of enumerating this.

Bandwidth Bandwidth indicates the speed at which data are transferred using a particular network media. It is measured in bits-per-second (bps).

Banner adverts A typically rectangular graphic displayed on a *web page* for purposes of brand building or driving traffic to a site. It is normally possible to perform a *clickthrough* to access further information from another web site.

Banner adverts, animated Early banner adverts only featured a single advert, but today they will typically involve several different frames which are displayed in sequence to attract attention to the banner and build up a theme, often ending with a call-to-action to click on the banner.

Behavioural retargeting Ads are displayed elsewhere on a site or other sites in an ad network after a customer has interacted with an initial ad or related content. A series of relevant ads developing the message can be displayed through behavioural retargeting.

Behavioural targeting Personalized, relevant messages are delivered, for example, by email or web which relate to a customer's current interests. For example, if they review a specific product online, then they may receive an email or be served an ad which relates to their interest. Also known as *contextual marketing*.

Bid-management software Software or web-based services which partially automate the management of paid search advertising across a range of paid search networks by applying rules to display ads for specific *keyphrases* at particular bids, positions and times to achieve specified business aims, such as ROAS, *ROI*, profitability, etc., while minimizing cost.

Big Data A term used to describe analysis techniques and systems which exploit the larger volumes of data that are now available for marketers. The opportunity and challenge of Big Data for marketing is often described using three dimensions or vector – Volume, Velocity and Variety.

Blog An online diary regularly updated by an individual or group with topical news and views.

Bluejacking Sending a message from a mobile phone or transmitter to another mobile phone which is in close range via *Bluetooth* technology (without the user's permission).

Blueprints Show the relationships between pages and other content components, and can be used to portray organization, navigation and labelling systems.

Bluetooth A standard for wireless transmission of data between devices; e.g. a mobile phone and a *PDA*.

Breadcrumbs An indication of position in site structure which also allow users to go up a level within the site.

Broadband A term referring to methods of delivering information across the Internet at a higher rate by increasing *bandwidth*; e.g. fibre-optic cable access.

Bounce rate Proportion of visitors to a page or site that exit after visiting a single page only, usually expressed as a percentage.

Brochureware A web site where a company has migrated its existing paper-based promotional literature onto its web site without recognizing the differences required by this medium.

Bundling Different channels or content can be grouped together at a reduced price when advertising.

Business models A summary of how a company will generate revenue, identifying its product offering, value-added services, revenue sources and target customers.

Business-to-business (B2B) Commercial transactions between an organization and other organizations.

Business-to-business (B2B) exchanges Virtual locations with facilities to enable trading between buyers and sellers.

Business-to-consumer (B2C) Commercial transactions between an organization and consumers.

Buy-side e-commerce E-commerce transactions between a purchasing organization, its suppliers and partners.

Callback A direct response facility available on the web site for a company to contact a customer by phone at a later time as specified by the customer.

Cannibalization Sales achieved via an e-commerce site replace sales traditionally made via other channels.

Card sorting or web classification The process of arranging objects on the web sites in a consistent manner.

Channel conflict A significant threat arising from the introduction of an Internet channel is that while *disintermediation* gives the opportunity for a company to sell direct and increase profitability on products, it can also threaten existing distribution arrangements with existing partners.

Churn rate The percentage rate at which customers stop/lapse in the use of a service or product.

Clicks and mortar A business combining an online and offline presence.

Clickstream A record of the path a user takes through a web site. Clickstreams enable site designers to assess how their site is being used.

Clickthrough A clickthrough (ad click) occurs each time a user clicks on *banner adverts* with the mouse to direct them to a *web page* with further information.

Clickthrough rates (CTR) The clickthrough rate is expressed as a percentage of total ad impressions, and refers to the proportion of users viewing *banner adverts* who click on them. It is calculated as the number of *clickthroughs* divided by the number of ad impressions.

Cloaking Serving different pages to a visitor than those indexed by a search engine. This is unethical, but surprisingly common. One example is using hidden text on the site that can't be seen by visitors; another is serving different pages to the searchers to those served to search engine robots by identifying the type of visitor.

Co-branding An arrangement between two or more companies where they agree jointly to display content and perform joint promotion, using brand logos or a *banner advert*. The aim is that the brands are strengthened if they are seen as complementary. This is a reciprocal arrangement which can occur without payment.

Co-browsing A customer's screen can be viewed by the call-centre operator in combination with *callback* or *real-time chat*.

Co-buying Group buying enabling a reduction in price for a volume purchase.

Collaborative filtering Profiling of customer interests coupled with delivery of specific information and offers, often based on automatic assessment of the interests of groups of similar customers.

Commoditization Products are selected primarily on price due to minimal differences between competitive products.

Comprehension One of Hofacker's five stages of web site information processing. Does the customer understand the message as intended?

Contact strategy A defined sequence of integrated communications delivered by personalized email and web contacts plus traditional media such as direct mail and phone. Contact strategies will help provide contextual communications throughout the customer lifecycle or for different phases in a campaign.

Content Content is the design, text and graphical information which forms a *web page*. Good content is the key to attracting customers to a web site and retaining their interest or achieving repeat visits.

Content management system (CMS) A software tool/web application for creating, editing and updating documents accessed by intranet, extranet, or Internet.

Content marketing The management of text, *rich media*, audio and video content aimed at engaging customers and prospects to meet business goals, published through print and digital media – including web and mobile platforms – which are repurposed and syndicated to different forms of web presence such as publisher sites, *blogs, social media* and comparison sites.

Content network Sponsored links are displayed by the search engine on third-party sites. Ads are paid for on a PPC basis or on a CPM basis.

Content owners Company staff, usually within the business, who are responsible for updating content.

Contextual ads A paid search technique where ads embedded within a publisher's site are displayed on the content network according to the type

of content. For example, an ad placed on a page about email marketing techniques will be related to email marketing services.

Contextual marketing Personalized, relevant messages are delivered, for example, by email or web which relate to a customer's current interests. For example, if they review a specific product online, they may receive an email or be served an ad which relates to their interest. Also known as *behavioural targeting*.

Continuous traffic building activities Communications activities, such as *affiliate marketing*, search engine marketing and online sponsorship, intended to drive visitors to the site. These activities tend not to occur in short-burst campaigns, but across the year.

Convergence A trend in which different hardware devices such as TVs, computers and phones merge and have similar functions.

Customer Experience Management (CXM) A holistic approach to managing customer experience and customer engagement across digital and non-digital touchpoints including web, mobile and social digital platforms, in-store and by call-centres.

Customer journeys The sequence of online and offline touchpoints a customer takes during a buying process or broader customer experience. Online this may include a range of digital platforms, communications media, websites, pages and engagement devices.

Conversion goal A page on the site such as e-newsletter registration or sales confirmation for which a visit shows that a business objective is being met. Site owners should track the number of conversion goals and the pages or referrers that influence them. Also known as a *value event*.

Conversion rate Percentage of site visitors that perform a particular action, such as making a purchase.

Conversion rate optimization (CRO) A structured approach to using marketing communications to maximize conversion of potential customers to actual customers, based on using qualitative research from customer surveys and quantitative data from tests and *web analytics*.

Cookie Small text files placed on an end-user's computer to enable web sites to identify the user. They enable a company to identify a previous visitor to

a *web site*, and build up a profile of their behaviour. They do not contain personal data which is securely held in a database and looked up via the unique identifier (customer code) in the cookie.

Cookie expiry period The time stated in an affiliate marketing programme between that when a visitor clicks the affiliate link and that when the sale is credited to the affiliate. Common times are 7, 30 or 90 days. A longer cookie period will result in a higher *EPC*.

Cost Per Acquisition (CPA) The cost of acquiring a new customer. Typically limited to the communications cost and refers to cost per sale for new customers. May also refer to other outcomes such as cost per quote or enquiry.

Cost Per Click The cost of each click from a referring site to a destination site, typically from a search engine in *Pay Per Click* search marketing.

Cost Per Thousand (CPM) Cost per 1,000 *page impressions* for a *banner* or display advert.

Countermediation A response to *reintermediation* where an established organization creates or purchases a rival portal that is positioned as independent or part of an existing brand.

Customer engagement Repeated interactions that strengthen the emotional, psychological or physical investment a customer has in a brand.

Customer journeys Common or company-preferred paths through a site and/or across multiple sites, often considered as part of the 'path to purchase'.

Customer lifecycle marketing Designing structured communications to deliver relevant messages by digital and traditional media across all customer touchpoints from acquisition as prospects to customer conversion and retention

Customer lifetime value (LTV) A modelled future value of customers over a set number of years, based on future purchases and customer acquisition and management costs.

Customer orientation Providing content, services and offers on a *web site* consistent with the different characteristics of the audience of the site.

Customer-preferred channel The customer prefers a particular channel for certain activities; e.g. phone to purchase, email for support.
Customer preference centre A website feature where customers can select their preference for communications from a company including topic, type of content, frequency and media.
Customer scenarios Alternative tasks or outcomes required by a visitor to a web site. Typically accomplished in a series of stages of different tasks involving different information needs or experiences.
Customer-to-business (C2B) The customer is proactive in making an offer to a business; e.g. the price they are prepared to pay for an airline ticket.
Customer-to-customer (C2C) Interactions between customers on a web site; e.g. posting/reading of topics on an electronic bulletin board.
Customer unions The same as *co-buying*.

Database-driven marketing The process of systematically collecting data about past, current and/or potential customers, maintaining the integrity of the data by continually monitoring customer purchases, by enquiring about changing status and using the data to formulate marketing tactics and foster personalized relationships with customers.
Data mining Searching organizational databases in order to uncover hidden patterns or relationships in groups of data. Data-mining software attempts to represent information in new ways so that previously unseen patterns or trends can be identified.
Data warehouse Data warehouses are large database systems containing detailed company data on sales transactions which are analyzed to assist in improving the marketing performance of companies.
Demand-side platforms (DSPs) Technology used as part of *real-time bidding (RTB)* to enable agencies to manage data from different ad exchanges through a single interface or trading desk. They enable targeting of specific audiences based on behavioural targeting data.
Destination site Frequently used to refer to the site that is visited following a *clickthrough* on a banner advert. Could also apply to any site visited following a click on a hyperlink.

Digital audio broadcasting (DAB) radio Digital radio with clear sound quality with the facility to transmit text, images and video.

Digital customer experience A brand's total digital experience includes a brand's presence on different platforms including desktop website, mobile site and apps, ads on gaming platforms and digital in-store. The quality of digital experience is based on the combination of rational and emotional factors of using a company's online services that influences customers' perceptions of a brand online. It also includes the quality of interactions with offline channels, for example how a retailer offers store locators and in-store specific features available by mobile.

Digital Disruption Innovation in digital media, technology or business model changes the dynamic of an industry sector – creating new opportunities for entrants or existing companies in the sector and threatening existing market leaders.

Digital media channel (digital channels) Different forms of digital media used for online promotion such as affiliate marketing, paid search and display advertising.

Digital rights management (DRM) The use of different technologies to protect the distribution of digital services or content such as software, music, movies, or other digital data.

Digital signage The use of interactive digital technologies within billboard and point-of-sale ads. For example, videos and *Bluetooth* interaction.

Digital value Offers or services that can only be accessed or delivered online.

Direct response Usually achieved in an Internet marketing context by *banner ads, callback* services or *email* marketing.

Digital transformation A staged programme of business improvements to People, Process and Tools tools used for integrated digital marketing to maximize the potential contribution of digital technology, media and new business models to business growth.

Directories A directory provides a structured listing of registered web sites in different categories. They are similar to an electronic version of the *Yellow Pages*.

Disintermediation The removal of intermediaries such as distributors or brokers who formerly linked a company to its customers. It enables a company to sell direct to the customer by 'cutting out the middleman'.

Disruptive Internet technologies New Internet-based communications approaches which change the way in which information about products is exchanged which impacts on the basis for competition in a marketplace.

Doorway pages Pages deliberately created which are optimized for particular key phrases or search engines in order to increase listings in *SERPS* which often redirect to other pages in sites. Typically they are entry points that are not part of the main navigation. They are considered to be an unethical approach, known as search engine spamming. Ethical search marketers instead create search entry pages that are part of the main site navigation which are themed around particular phrases that customers are likely to use.

Duplicate content This is where a search engine identifies different content pages as similar, so either doesn't include them in the index or downweights their importance.

Dynamic ad targeting Specific ads are served in real time to visitor clusters according to their characteristics and behaviour as assessed by content types viewed.

Earnings Per Click (EPC) An important measure that an affiliate uses to determine the value of each merchant or pages on their site. It is usually measured across 100 clicks since an average is needed over this number of clicks.

E-business All electronically mediated information exchanges supporting the range of business processes, both within an organization and with external stakeholders.

E-commerce All electronically mediated information exchanges between an organization and its external stakeholders. Can refer to purchase transactions only.

Effective Cost Per Thousand (eCPM) A measure of the total revenue the site owner can generate when 1,000 pages are served.

Email Push sending of messages or documents, such as news about a new product or sales promotion.
Email, inbound Emails received by a company from customers and other stakeholders.
E-marketing Achieving marketing objectives through use of electronic communications technology.
Enterprise application integration (EAI) The *middleware* technology that is used to connect together different software applications and their underlying databases is now known as 'enterprise application integration' (EAI).
Enterprise resource planning Software providing integrated functions for major business functions such as production, distribution, sales, finance and human resources management.
Environment scanning The process of continuously monitoring the environment and events and responding accordingly.
E-procurement The electronic integration and management of all procurement activities including purchase request, authorization, ordering, delivery and payment between a purchaser and a supplier.
Expert reviews Often performed at the beginning of a redesign project as a way of identifying problems with a previous design.
Exposure One of Hofacker's five stages of web site information processing. Does the customer see the message?
Extended enterprise Functions of an organization *outsourced* as part of a *value network*.
Extended Product The extended product adds value to the basic product. It includes incorporating tools to help users during their use of the product or service. The extended product contributes to perceptions of quality.
Extranet Formed by extending the *intranet* beyond a company to customers, suppliers, collaborators or even competitors. This is password-protected to prevent access by general *Internet* users.

Faceted navigation Used to enable users to rapidly filter results from a product search based on different ways of classifying the product by their

attributes or features. For example, by brand, by sub-product category, by price bands.

Fast-moving consumer goods (FMCG) The term says it all.

Findability An assessment of how easy it is for a web user to locate a single content object or to use the browser's navigation and search system to find content. Like usability, it is assessed through efficiency – how long it takes to find the content; and effectiveness – how satisfied the user is with the experience and relevance of the content they find.

Firewall A specialized software application mounted on a server at the point where the company is connected to the Internet. Its purpose is to prevent unauthorized access into the company from outsiders.

Fixed layout The screen design has a fixed number of pixels width unlike a *fluid* or adaptive layout which dynamically resizes according to minimum screen resolutions.

Fluid designs An adaptive *web page* or email design which makes use of all horizontal space as screen resolution increases. *Fixed layouts* have a fixed width in pixels.

Focus groups Online, these take the form of a bulletin board or discussion group where different members of the focus group respond to prompts from the moderator and each other.

FRAC A data analysis technique based on assessing the Frequency, Recency, Amount and Category of purchases by customers.

Frames A technique used to divide a *web page* into different parts such as a menu and separate content.

General Packet Radio Services (GPRS) A standard offering mobile data transfer and WAP access approximately five to ten times faster than traditional GSM access.

Geographical portal A *portal* limited to a single country, area or city.

Globalization The increase of international trading and shared social and cultural values.

Graphic Interlaced File (GIF) GIF is a graphic format used to display images within a *web page*. An interlaced GIF is displayed gradually on the

screen, building up an image in several passes.

Graphics-intensive sites Sites in which white space or large images are mainly used to convey the message rather than text.

Group characterization Web site communications are based on grouping people's preferences as part of *mass customization*.

Halo effect The role of one media channel on influencing sale or uplift in brand metrics. Commonly applied to online display advertising, where exposure to display ads may increase *clickthrough* rates when the consumer is later exposed to a brand through other media; for example, sponsored links or affiliate ads. It may also affect conversion rates on a destination site through more exposure to the brand and message.

High Involvement Purchase A purchase where the buyer spends time and effort carefully choosing the right product or service.

Hit A hit is recorded for each graphic or block of text requested from a *web server*. It is not a reliable measure for the number of people viewing a page.

Horizontal portal A *portal* with a wide audience or *reach*, offering general services; e.g. Yahoo!, MSN.

Hubs Alternative term for *B2B exchange*.

Hypertext markup language (HTML) HTML is a standard format used to define the text and layout of a *web page*. HTML files usually have the extension.HTML or.HTM.

Ideal customer Preferred customer who is targeted due to their potential for a profitable relationship.

I-MODE A successful mobile standard originating in Japan that enables transfer of colour images between phones.

Inbound marketing The consumer is proactive in seeking out information for their needs and interactions with brands, attracted through content, search and social media marketing.

Incidental advertising Offline advertising where the web address is incidental to the main aim and creative.

Index inclusion Ensuring that as many of the relevant pages from your domain(s) are included within the search engine indexes you are targeting to be listed in.

Indirect online contribution Assesses the influence of the web site in generating offline purchases.

Individualization Tailoring of content or offer to individual preferences.

Infobots Software tools that collect information from the web for their users according to predefined preferences.

Infomediaries An *intermediary* business whose main source of revenue derives from capturing consumer information and developing detailed profiles of individual customers for use by third parties.

Information architecture The combination of organization, labelling and navigation schemes comprising an information system.

Information-intensive sites Sites in which text is mainly used to convey the message rather than white space or large images.

Interaction rate (IR) The proportion of ad viewers who interact with an online ad through rolling over it. Some will be involuntary depending on where the ad is placed on-screen, so it is highly dependent on placement.

Interactive banner ads Banner ads where the user can type in information and receive a response; for example, loan interest for a particular loan.

Interactive kiosks Fixed-site access to information about an organization and its services through a PC simplified through touch-screen access.

Interactive radio Access to radio via a web site or digital radio.

Intermediary Online sites that help bring different parties such as buyers and sellers together. They play a similar role to traditional brokers or channel partners.

Internet The physical network that links computers across the globe. It consists of the infrastructure of network servers and communications links between them that are used to hold and transport information between the clients and servers.

Internet Protocol Television (IPTV) Digital television service delivered using Internet Protocol, typically by a broadband connection. IPTV can be streamed for real-time viewing or downloaded before playback.

Internet value proposition See *online value proposition.*
Interstitial ads Ads that appear between one page and the next.
Intranet A network within a single company which enables access to company information using the familiar tools of the *Internet* such as *web browsers* and *email.* Only staff within a company can access the intranet, which will be password-protected.
IP address The unique address of a computer accessing the Internet or a server used to host information (e.g. 207.68.156.58).

JPEG (Joint Photographics Experts Group) A graphics file format and compression algorithm, best used for photographs.
'Just-in-time' An approach to operations management where inventory holding is minimized by manufacturing according to immediate demand.

Key influencers Sites or individuals who have a large following for their writing, through their articles, *blog* posts or *social media* status updates.
Key performance indicators (KPIs) Key measures collected to assess whether an organization's objectives are achieved.
Keyphrase The combination of keywords typed into a search engine by a user.
Keyphrase analysis A structured approach to identifying and selecting relevant combinations of keywords for *SEO* marketing and *PPC search marketing.*
Keyphrase density The percentage importance of a keyphrase in comparison with the total number of words within a title, *meta tag* or *web page.*
Knowledge management Techniques and tools for disseminating knowledge within an organization. Knowledge is used to apply staff experience to problem solving.

Last-click model of digital media channel attribution The site which referred a visitor immediately before purchase is credited with the sale.

Previous referrals influenced by other customer touchpoints on other sites are ignored.

Legacy systems Old IT systems on which an organization is reliant, but they do not meet the current organizational requirements.

Lifetime value (LTV) The estimated value of a customer or group of customers integrated across their past, current and future revenue.

Link anchor text The text used to form the blue underlined hyperlink viewed in a web browser and defined in the *HTML* source. For example: Visit Dave Chaffey's web log is created by the HTML code: <A HREF = http://www.davechaffey.com> Visit Dave Chaffey's web log </A>

Linkbait Content developed to encourage links to a site from other sites (and sharing of this content through social media, sometimes called 'sharebait').

Link building A structured activity to include good-quality hyperlinks to your site from relevant sites with a good *PageRank*.

Link farms Interlinked sites set up to increase *PageRank*. Considered to be *search engine spamming*.

Live chat sessions A user asks questions of a company representative by typing into their browser. The representative replies in real time.

Localization Designing the content of the web site such that it is appropriate to different audiences in different countries.

Location-based marketing Location or proximity-based marketing is mobile marketing based on the GPS built into phones or based on interaction with other local digital devices.

Long tail, the The long tail concept describes a frequency distribution showing the typical decline in popularity of items within a sector when a consumer has a choice in selecting these items. In search, the most common generic search terms (of the search head) for a site or market sector have much higher volumes than the less common phrases, which together are important in generating qualified visitors. The tail in retail refers to the capability of less popular products to generate sales and profitability.

Marketing Automation Enables businesses to automate tasks in the marketing and sales process to make the process to deliver more relevant communications typically delivered as personalized emails, mobile and social notifications and website messages.

Marketing Technology (MarTech) The term used to explain how different forms of technology are used for marketing today.

Mass customization Using technology to create tailored marketing messages or products for individual customers or a group of similar customers, yet retain the economies of scale of mass marketing or production.

Measurement A process that collects metrics to indicate the effectiveness of Internet marketing activities in meeting e-marketing objectives.

Meta tags Text within an *HTML* (hypertext markup language) file summarizing the content of the site (content meta tag) and relevant keywords (keyword meta tag) that are matched against the keywords typed into search engines.

Microsite Specialized *content* that is part of a media owner's web site; e.g. ad-specific content for a company on an independent portal.

Middleware Software used to facilitate communications between business applications including data transfer and control.

Mixed-mode buying The process by which the customer switches between online and offline channels during the buying process.

Mobile apps Software application designed for use on a mobile phone, typically downloaded from an app store. The best known are iPhone apps, but all smartphones support the use of apps which can provide users with information, entertainment or location-based services such as mapping.

Mobile First Design approach The requirements and interaction design for a website design is based on the context and use of mobile users rather than desktop users.

Mobile marketing Marketing to encourage consumer engagement when using mobile phones (particularly smartphones) or tablet devices.

Modem Device used to connect to the Internet via phone lines. Converts signals from digital to analogue.

Multichannel marketing Customer communications and product distribution are supported by a combination of digital and traditional channels at different points in the customer cycle.
Multi-channel behaviour Customers use different traditional media or locations (phone, store, direct mail) in combination with different digital media (web, mobile, IPTV) to inform their purchase decision.
Multiscreening A process by which consumers access and interact content via multiple devices including smartphones, tablets, wearables and traditional TVs.
Multivariate testing Multivariate testing enables simultaneous testing of *web pages* for all combinations and variations of page elements that are being tested. This enables selection of the most effective combination of design elements to achieve the desired goal.

Natural or organic listings The pages listing results from a search engine query which are displayed in a sequence according to relevance of match between the *keyphrase* typed into a *search engine* and a *web page*, according to a ranking algorithm used by the search engine. Placements in the natural listings are targeted through *search engine optimization (SEO)* activity.
Native advertising Online content that is created to promote or enhance a brand such as a publisher article or social media update. Such content should be disclosed as advertising by law in many countries, but often it isn't.
Navigation Navigation describes the method of finding and moving between different information and pages on a web site. It is governed by menu arrangements, site structure and the layout of individual *web page*s.
Negative SEO A company aims to decrease the ranking of other sites (usually indirectly) by gaining more favourable mentions above a negative listing in the natural search engine results.
Negative working capital Working capital refers to money tied up in stocks and debtors. If *just-in-time* delivery occurs and customer payments are taken in advance of supplier payment, negative working capital can be created.

Net Promoter Score A measure of the number of advocates a company (or web site) has who would recommend it compared to the number of detractors.
Nudge Theory Nudging is about orchestrating persuasion on a subconscious level by side-stepping arguments and leading people down the road.

Offline promotion Offline promotion uses traditional media such as TV or newspaper advertising and word of mouth to promote a company's web site.
One-to-one marketing Communication and tailoring of an offer at an individual level.
Online marketplace model A description of the main audiences, intermediaries and destination sites within a specific market. It is used to assess consumer behaviour, competitor strength and the role of different intermediaries in influencing consumer purchases and media consumption.
Online PR Maximizing favourable mentions of your company, brands, products or web sites on third-party web sites that are likely to be visited by your target audience.
Online promotion Online promotion uses communication via the *Internet* itself to raise awareness about a *web site* and drive traffic to it; e.g. hyperlinks from other web sites, *banner adverts* or targeted electronic mail (*email*).
Online reputation management Controlling the reputation of an organization through monitoring and controlling messages placed online about the organization.
Online revenue contribution An assessment of the extent to which the *Internet* contributes to sales is a key measure of the importance of the Internet to a company.
Online surveys Surveys on-site through pop-up questionnaires.
Online value proposition Defines an organization's online offering, distinct from offline or competitor offering.
On-page optimization Writing copy and applying markup such as the <title> tag and heading tags <h1> to highlight to *search engines* relevant *keyphrases* within a document.

Onsite search engine A search engine that is specific to a single site to help users find content.
Opt-in email The customer is only contacted when they have explicitly asked for information to be sent to them (usually when filling in on-screen forms).
Opt-out The customer is not contacted subsequently if they have explicitly stated they do not want to be contacted in future. Opt-out or 'unsubscribe' options are usually available within the email itself.
Outsourcing Contracting an outside company to undertake e-marketing (or any) activities.

Page impressions A page impression denotes one person viewing one *web page*.
Page template A defined layout that is used throughout the site for different page categories (e.g. category page, product page, search page).
PageRank An index used to assess the interconnections between *web pages*. A trademark of Google. Based on 'link popularity' or the number of *inbound links* and the PageRank of the linking sites.
Paid for inclusion (PFI) The advertiser specifies pages with specific URLs for incorporation into the search engine *natural or organic listings*. There is a set-up fee and/or annual fee and *Pay Per Click* charge.
Panda Google Panda was a major a change to Google's ranking algorithm first released in February 2011. It was significant because it was directly aimed at content quality targeted at 'low-quality sites' or 'thin sites' and returning higher-quality sites near the top of the search results.
Panel Members are recruited in order that their TV or web usage can be measured.
Panel data Includes time and duration of access and content accessed for different geodemographics.
Partner relationship management Management of marketing activities performed by downstream (or upstream) channel partners.
Pay Per Click (PPC) search marketing This is when a company pays for text ads to be displayed on the search engine results pages when a specific

key phrase is entered by the search users. It is called this because the marketer pays each time the hypertext link in the ad is clicked on.

Penguin Google Penguin is an algorithm update aimed at decreasing search engine rankings of websites that explicitly violated Google's Webmaster Guidelines that were using 'black-hat' SEO techniques, such as artificially increasing the ranking of a webpage by manipulating the number of links pointing to the page though link farms or blog networks.

Permission-based marketing Customers agree (*opt-in*) to be involved in an organization's marketing activities, usually as a result of an incentive.

Personal digital assistants (PDAs) Digital organizers with a touch screen that can be used to access the Internet and personal productivity applications.

Personalization Delivering customized content for the individual either through *web page*s, *email* or push technology.

Personal video recorder (PVR) or digital video recorder (DVR) Home consumer electronics device that records television shows to a hard disk in digital format.

Personas A summary of the characteristics, needs, motivations and environment of typical web site users.

Person-to-person (P2P) *Intermediaries* such as Napster which enable individuals to share information or files, similar to *C2C*.

Persuasion marketing (Persuasive design) Using design elements such as layout, copy and typography, together with promotional messages, to encourage site users to follow particular paths and perform specific actions rather than giving them complete choice in their navigation.

Plug-in A program that must be downloaded to view particular content such as an animation.

Predictive Analytics Using data mining and statistical modeling to predict future outcomes, for example by scoring customer propensity to respond to a specific offer.

Portal A web site that acts as a gateway to the information on the Internet by providing search engines, directories and other services such as personalized news or free email.

Price comparison intermediaries Sites like MoneySupermarket (www.moneysupermarket.com) and Expedia (www.expedia.co.uk) which allow a user to specify the features of the product they are looking for and then find the best deals from participating suppliers.

Price transparency Prices can be readily compared by purchasers using the Internet, particularly through *shopping bots*.

Privacy Concerns that affect an individual's or company's personal details.

Profiling Determining the customer key characteristics to enable *segmentation*.

Promotion *Online promotion* uses communication via the Internet itself to raise awareness about a site and drive traffic to it. This promotion may take the form of links from other sites, banner adverts or targeted email messages. *Offline promotion* uses traditional media such as TV or newspaper advertising and word of mouth to promote a company's web site.

Proximity marketing Marketing messages are delivered in real time according to customers' presence, based on the technology they are carrying, wearing or have embedded. Bluecasting is the best-known presence example where messages are automatically pushed to a consumer's *Bluetooth*-enabled phone or they request audio, video or text content to be downloaded from a live advert. In the future, ads will be able to respond to those who view them.

Prosumer Typically, 'proactive consumer'.

Prototype A preliminary version of part or all of an information system reviewed by its users and business sponsors.

Prototyping An iterative process in which web site users suggest modifications before further prototypes and the live version of the site are developed.

Pure play An online-only organization with no physical high-street presence or distribution, as opposed to a multi-channel or '*clicks and mortar*' organization which will have both an online and offline customer-facing presence. They may still use offline communications such as direct mail and advertising and have staff to manage inbound enquiries.

Quality Score Influences a *Pay Per Click* ad's position on Google and the Google Network. It also partly determines your keywords' minimum bids. In general, the higher your Quality Score, the better your ad position (Ad Rank) and the lower your minimum bids (the bid needed to trigger an ad). *Clickthrough* rate is the main determinant of Quality Score, but a match between the triggering keyword and the ad copy, together with the relevance of the landing page, are also used to determine Quality Score.

RACE Reach, Act, Convert and Engage are used to define objectives and help maximize leads and sales. Act means encouraging initial interaction with content which then generates leads; e.g. to increase leads by 1 per cent or 1,000 per month. Convert is the ultimate conversion to sales achieved online or offline; e.g. increase online sales conversion rate by 10 per cent from 2 per cent to 2.2 per cent. Engage means post-sales engagement designed to create long term loyalty and advocacy; e.g. to generate × per cent engagement from existing customers or to generate × number of five star reviews, shares or likes. (For more on RACE, see www.SmartInsights.com where each part is broken down further into key marketing activities and deliverables need to maximize online leads and sales.)

Rapid application development (RAD) An approach to information systems development that includes incremental development using *prototypes*.

Reach The audience size of a web site as a percentage of total possible audience.

Really Simple Syndication (RSS) An extension of blogging where a *blog*, news or any type of content is received as a 'feed' by specialist software such as RSSReader (www.rssreader.com). It offers a method of receiving news that uses a different broadcast method to email, so is not subject to the same conflicts with *SPAM* or SPAM filters.

Real-time bidding (RTB) Online ads are served dynamically to the highest bidder according to a range of targeting criteria including, potentially, demographics, browser settings, searches performed, content previously

viewed across an ad network, previous interactions with a brand (*remarketing*).

Real-time chat A customer support operator in a call centre can type responses to a site visitor's questions.

Reciprocal links Two organizations agree to link to each other's sites.

Redirects A temporary *web page* or address is used, often for measurement purposes, before the required page is served to the user.

Referrals The number of links from other sites.

Referring sites A previously visited site from which the user followed links to reach the current site. Includes all the main digital media channels such as search engines, affiliates and display ads.

Reintermediation The creation of new *intermediaries* between customers and suppliers providing services such as supplier search and product evaluation.

Relationship building Consistent application of up-to-date knowledge of individual customers to product and service design which is communicated interactively in order to develop a continuous and long-term relationship which is mutually beneficial.

Remarketing A communications technique involving serving of ads to visitors who have already interacted with a brand through visiting their site, accessing specific content on the site, or interacting with an ad (see also *behavioural targeting*).

Repeat visits A *tagged* visitor is recorded as visiting a site again.

Representation Defines all the locations on the Internet where an organization is referred to or purchases can be made. Includes your own web site and intermediary sites.

Repurposing Porting content from one digital platform to another; for example, web to interactive digital TV.

Responsive Web Design (RWD) Layout and formatting of website content is modified at the point of rendering to suit different screen resolutions and capabilities to produce a better experience to users of a range of desktop, tablet and smartphone devices using web development methods like cascading style sheets and image scaling.

Return on investment (ROI) A measure of the value derived from a marketing campaign (or any business activity) compared to its costs. There are many forms of ROI equation, but they can be simplified to: profit generated from activity divided by amount spent on activity (over a defined period of time).

Return path An interaction where the customer sends information to the provider using a phone line or cable.

Revenue models Different options for generating revenue from an online presence including sale, affiliate, subscription and advertising.

Reverse auctions The buyer places a request for tender or quotation (RFQ) and many suppliers compete, decreasing the price with the supplier with the lowest price winning the contract.

Rich Internet Applications (RIA) Interactive applications which provide options such as product selectors or games. They may also incorporate video or sound. Typically built using technologies such as Adobe Flash, Ajax, Flex, Java or Silverlight.

Rich media adverts *Banner adverts* that are not static, but provide animation, sound or interactivity. An example of this would be a banner advert for a loan in which a customer can type in the amount of loan required, and the cost of the loan is calculated immediately.

Roadblocks Where an advertiser buys all the available advertising space on a particular page.

Robots A software tool employed by *search engines* to regularly index *web pages* of registered sites. Can also refer to any automated agent.

Satisficing behaviour Consumers do not behave entirely rationally in product or supplier selection. They will compare alternatives, but then may make their choice based on imperfect information.

Scenario-based design Site design and testing is based on a common path or flow of events or activities performed by visitors.

Scenarios See *Customer scenarios*.

Scent trails Cues such as text and image hyperlinks and page labels that *web browsers* follow to find content or services when navigating a site, typically

associated with directed information seeking.

Screen resolution Number of pixels (dots) displayed; e.g. 800 across by 600 vertical.

Scrum A methodology that supports *agile software development* based on 15–30 day sprints to implement features from a product backlog.

Search analytics The evaluation of the effectiveness of on-site search in order to increase its effectiveness.

Search bots Software agents that search the web for information based on keywords.

Search engine A specialized web site that uses automatic tools known as *spiders* or *robots* to index *web pages* of registered sites. Users can search the index by typing in keywords to specify their interest.

Search engine optimization (SEO) A structured approach used to increase the relative ranking position of a company or its products in search engine *natural* or *organic* results listings on *search engine results pages* for selected *keyphrases*.

Search engine results pages (SERPS) The pages generated and displayed by a search engine after a search engine user types in their *keyphrase*.

Search engine spamming Unethical actions deliberately taken by marketers to mislead the search engines and give a higher ranking, such as repeated use of *keyphrases* and use of *link farms, doorway pages* and *cloaking*. Search engines may penalize marketers if they detect spamming.

Second-layer selling Product is sold via an intermediary.

Secure Electronic Transaction (SET) A standard for public key encryption intended to enable secure e-commerce transactions; lead-developed by MasterCard and Visa.

Secure Sockets Layer (SSL) A commonly used encryption technique for scrambling data as it is passed across the Internet from a customer's web browser to a merchant's web server.

Security Security attributes include:

Segmentation Identification of different groups within a target market in order to develop different offerings for the groups.

Sell-side e-commerce E-commerce transactions between a supplier organization, intermediaries and its customers.

Sense and Respond marketing Monitoring customer actions or behaviours and then reacting with appropriate messages and offers to encourage desired behaviours.

Share of wallet Amount of customer income spent at a single organization as a proportion of all expenditure in a category; e.g. financial services.

Shopping bots Software agents that find the lowest price for a specified product.

Short message service (SMS) Also known as text messaging between mobiles.

Social business Defined by Nobel Peace Prize laureate Professor Muhammad Yunus and described in his books as the new kind of capitalism that serves humanity's most pressing needs.

Social commerce Uses interaction and other user engagement to help buying and selling of products and services. Essentially using social media and social networks to support eCommerce transactions.

Social CRM Uses social media to deliver customer service. Sometimes this can include canned messages that are subsequently tweaked to be more relevant to customer needs.

Social media Digital media which encourage audience participation, interaction and sharing.

Social media marketing Monitoring and facilitating *C2C* interaction, participation and sharing through digital media to encourage positive engagement with a company and its brands, leading to commercial value. Interactions may occur on a company site, social networks and other third-party sites.

Social media optimization (SMO) A systematic approach to improving content effectiveness in attracting visitors and leads and engaging existing audiences through testing techniques to increase the visibility, participation and shareability of content.

Social network A site enabling community interactions between different consumers (*C2C* model). Typical interactions include posting comments and

replies to comments, sending messages, rating content and tagging content in particular categories. Well-known examples include Bebo, Facebook, MySpace and (*B2B*) LinkedIn.

Social network company brand pages Initially available on Facebook and now available on Google+, LinkedIn and Twitter, these enable services traditionally delivered via a company web site to be delivered on a social network.

Software as a Service (SaaS) An online service storing insight about a business or its customer interactions which is accessed by all people in a company.

SOSTAC® A simple planning system covering Situation analysis, Objectives, Strategy, Tactics, Action and Control. Created by PR Smith in 1993, SOSTAC® is a registered trademark of PR Smith (see www.prsmith.org for more information).

SPAM Unsolicited email (usually bulk mailed and untargeted).

Spamming Bulk sending of *SPAM*.

Specific advertising Offline ads that specifically highlight the *online value proposition*.

Spiders Automatic tools known as spiders or robots index registered sites. Users search by typing *keyphrases* and are presented with a list of pages.

Spotlight tags An outcome page on a site is marked as valuable for use in management information reports. The tag is usually script which effectively updates a counter that this page has been viewed, often using a single pixel image referenced by the web analytics system. Spotlight was originally a proprietary term of DoubleClick DART, which has now been replaced by floodlight tags. These terms are now used more generally.

Statement of origination A message in an opt-in email showing who has sent the message and why they have permission to send it.

Static ads *Banner ads* that are not *animated*.

Stickiness An indication of how long a visitor stays on a site.

Strategy, e-marketing Definition of the future direction and actions of a company, defined as approaches to achieve specific objectives.

Superstitials Pop-up ads that require interaction to remove them.

SWOT Internal Strengths and Weaknesses, external Opportunities and Threats.

Tagging visitors Tracking of origin of site visitors, their actions and spending.
Touch strategy The sequence, frequency and content of outbound communications such as email and direct mail.
Traffic building The use of *online promotion* and *offline promotion* techniques to increase the audience of a site (both new and existing customers).
Trialogue The interaction between company, customer and other customers facilitated through online community, social networks, reviews and comments.

UMTS Universal Mobile Telecommunications System. The standard for *3G* mobile access.
Unified message service *Portal* offering combined access to mobile, landline and email messaging; e.g. emails can be heard by phone.
Uniform resource locator (URL) A unique web address in the format, for example, http://www.company.com.
Unique visitors The number of individuals who visit a web site in a fixed time period. **URL rewriting** A technique used to make complex web addresses for pages associated with dynamic content such as product catalogues or news articles visible to search engines.
URL Strategy A defined approach to forming URLs including the use of capitalization, hyphenation, domain canonicalization and sub-domains for different brands and different locations. This has implications for promoting a web site offline through promotional or vanity URLs, search engine optimization and findability. A clean URL which fits many of these aims is http://www.domain.com/folder-name/document-name. Care must be taken with capitalization since Linux servers parse capitals differently from lower case.

Usability An engineering approach to web site design to ensure the user interface of the site is learnable, memorable, error-free, efficient and gives user satisfaction. It incorporates testing and evaluation to ensure the best use of navigation and links to access information in the shortest possible time.
User-generated content (UGC) Web users rather than the site owners create content. Examples include Wikipedia, personal blogs and reviews of products and companies.
User testing Representative users are observed performing representative tasks using a system.

Value chain A model for analysis of how supply-chain activities can add value to products and services delivered to the customer.
Value event A visit to a *web page* such as e-newsletter registration or sales confirmation which indicates that a business objective is being met. Also known as a *conversion goal*. Site owners should track the number of conversion goals and the pages or referrers that influence them.
Value networks The links between an organization and its strategic and non-strategic partners that form its external value chain.
Vertical integration The extent to which supply-chain activities are undertaken and controlled *within* the organization.
Vertical portal A *portal* with specialized content, often for a vertical market.
View-throughs Where someone sees a display ad but doesn't click on it.
Viral marketing Email is used to transmit a promotional message to another potential customer – 'online word of mouth'.
Virtual assistants Different types of software agents such as *shopping bots* and *infobots*.
Virtual business An organization which uses information and communications technology to allow it to operate without clearly defined physical boundaries between different functions. It provides customized services by outsourcing production and other functions to third parties.
Virtual communities A customer-to-customer interaction delivered via email groups, web-based discussion forums or chat.

Virtual integration The majority of supply-chain activities are undertaken and controlled *outside* the organization by third parties.
Visitor session One visit by a single customer. Visit ends after no activity for 30 minutes. The number of unique visitors is always less than the number of visitor sessions.
Visits, site The number of visits to a web site in a fixed time period.
Voice portals Portals that can be accessed by phone to hear information such as news or emails.

Wearables Digital devices which are worn, of which smartwatches such as the Apple Watch are most common.
Web 2.0 Refers to a collection of web services which facilitate certain behaviours online such as community participation and *user-generated content*, rating and *tagging*.
Web 3.0 Next-generation web incorporating high-speed connectivity, complex cross-community interactions and an intelligent web where applications can access data from different services to assist searchers.
Web accessibility Designing web sites so that they can be used by people with visual impairment, or regardless of the browser/access platform they use.
Web analytics Techniques used to assess and improve the contribution of e-marketing to a business including reviewing traffic volume, referrals, *clickstreams*, online reach data, customer satisfaction surveys, leads and sales.
Web browsers Browsers such as Google Chrome or Apple's Safari provide an easy method of accessing and viewing information stored as *HTML* (hypertext markup language) web documents on different *web servers*.
Web log file A log file analyzer is a software tool used to summarize the information on visitor activity in a log file which contains a line defining the page, access time and *IP address* of the visitor.
Webographics The web access characteristics of users such as place of access, connection speed and experience.
Web page A single page of a web site.

Web response ad campaign An offline print or TV campaign where one of the main campaign objectives is to encourage ad viewers to visit the web site – for example, to request a sample, enter a competition, find further information or buy online.

Web servers Used to store the *web pages* accessed by *web browsers*. It may also contain databases of customer or product information which can be queried and retrieved using a browser.

Welcome strategy The sequence of personalized emails, web messages and offline communications intended to educate the customer about a brand and develop a relationship.

Widget A badge or button incorporated into a site or *social network* space by its owner, but with content typically served from another site. Content can be updated in real time.

Wi-Fi ('wireless fidelity') A high-speed wireless local-area network enabling wireless access to the Internet for mobile, office and home users.

Wireframe Also known as schematics, a way of illustrating the layout of an individual *web page*.

Wireless application protocol (WAP) Offers Internet browsing from mobile handsets. Mainly text-based sites developed in wireless markup language (WML).

World Wide Web (WWW) A medium for publishing information on the Internet. It is accessed through *web browsers* which display *web page*s and can now be used to run business applications. Company information is stored on *web server*s which are usually referred to as web sites.

XML or eXtensible Markup Language A standard for transferring structured data, unlike HTML, which is purely presentational.

XML Product feeds A standard format of product feature and pricing information that is uploaded by merchants to *price comparison intermediaries* to enable listing of all products in their catalogue.

XMOS (cross-media optimization studies) XMOS research is designed to help marketers and their agencies answer the question 'What is the optimal mix of advertising vehicles across different media, in terms of frequency,

reach and budget allocation, for a given campaign to achieve its marketing goals?' The mix between online and offline spend is varied to maximize campaign metrics such as reach, brand awareness and purchase intent.

Yielding One of Hofacker's five stages of web site information processing. Does the customer accept (believe) the message?

Index

Page numbers in *italics* refer to figures. Page numbers in **bold** refer to tables.

A/B testing 526, 537–8

ABC News 71

accessibility 297, 307

actions 44–6, 192, 267–8, 597–600; Huawei 620; SOSTAC planning 4, 560

ad exchange 396

adaptive mobile web design 351–2

ad-supported content price model 71–2, 106–8

advertising: banner 394–408; collaborative co-creation 148–50; consumer-generated 83–4; future 215–16; interactive 38; location-based 354; mobile sites and apps 353; native 408–9; offline and online 431; online video 407; Pay Per Click (PPC) 384–94; through social networks 126, 141–2

advertising models 125–6

aesthetics 324–33

affiliate marketing 81, 125, 419–23, *420*

affiliation revenue 71, 107

after-sales support 96, 348

agile software development 545–6

AIDA model 133

Air New Zealand 487

Al Jazeera International 163

ALEA model 128

Alibaba 10, 73

allowable cost per acquisition 40

alternative image text 377

Altimeter social media ROI pyramid 233–4, *234*

Amazon 19, 75, 77, 78, 107, 146–7, *457*, 457–8, 480

American Express 274, *275*, 483

AMF 487

analysis: behaviour 477–8; e-marketplace 111; keyphrase 114, 249, 372–6, *373*; media effectiveness 116–23; sentiment 605; situation 4–23, 559, 562–74; *see also* web analytics

anchor text 380, 382

Ansoff matrix 29, *29*

AO.com 352, *352*

AOL 71, 98

Apple *60*, 61

apps 5, 6; Apple *60*; Facebook 424; Gibson *62*, *63*; marketing applications categories *464*; marketing mix 60–4; mobile marketing 353, 354–6; place 78; Unilever *63*; *vs.* mobile web sites 595, 597; Zippo® lighter *61*

Argos 11

The Art of War (Sun Tzu) 562

ask and answer services 90, 147

ASOS 272, 414, 416

atomization 81

ATR model 133, *134*, 193–4

attention span 161

attribution models 17, 115–23, *117–21*

attrition rates 18, *22*, 197

Audi 216

audiences 167, 235–7, 263–6, *264*, 276, 318–19

Autoglass 335

automation 90–1, 96, 464–5, 540–2, *543*

automation, campaign 406–7

Avis 119, *119*

B2B *see* business-to-business (B2B)

B2C *see* business-to-customer (B2C)

B2E *see* business to employee (B2E)

Bacardi 41
backlinks 382
Bagcheck 356
Ballymore Group *433*
banking online 162
banner advertising 39, 394–408; *see also* interactive advertising
banner blindness 189–90, 394
BBC 67, 216
BBC Radio Northern Ireland 153, *153*
behaviour 171–4, 177; analysis 477–8; mapping 402–3; online shopping 194–6; profiles 205; signals 383; targeting 17, 395
benchmarking 236–7, 525, **525**, 598
Bent Rail Boots 588
BEST principles 339
bidding information 405
big data 467–9
Bizrate 56, *57*
Blacks *482*
blocking advertisements 395, 408
blogs *15*, 85, 226, 267, 269, 413–16
Bluetooth 353
BMW 27, 28, 148
Boeing 150, *151*
Booking.com 11
bookmarking 227, 383
Boots 446–7
Boston University 178
bounce rates 300
brand: awareness 578; bad ads 398; collaborative co-creation 147; customer engagement 143–4, 410; equity framework 301–2; health 368; messages 270; responding to mentions 251–2, *252*; SMO 241–2; and social networks 238, 277–81, *278–80*; strength 113; value 53
brand-building 12, 41–2
breadcrumbs in website design 344

broadcast network 139
browsers 5, 6, 327, 535–6
budgeting 516–19, 612
bundling price model 71
Burberry 229–30
Burger King 61
business models 19–21, 105, 108–9, *110*, 509–10
business-to-business (B2B) *9*, 9–10; buying models 194; buy-side digital business 508; emotional motivations 172–3, *173*; high involvement purchases 131–2; profiling 205–7; scenario planning 166; value adding 33
business-to-customer (B2C) *9*, 9–10, 131–2, 204, 207
business to employee (B2E) 508
'Butterfly Effect' 132–3
buyers, distinguishing 320
buying models 130–6, *131*, *133*, *134*; business-to-business (B2B) 194; pricing approaches 71–2; web sites 309–11
buying process 192–6, *193*, **195**, 345–9
buy-side digital business 508

C2B *see* customer-to-business (C2B)
C2C *see* customer-to-customer (C2C)
calendars 258–9, 281
call-back facility 90
campaign automation 406–7
campaigns 519
capability assessment framework *243*
capability maturity models 515–16, *517*
Carnegie Mellon Software Engineering Institute 516
Carphone Warehouse 94
cascading style sheets (CSS) 326, *331*, 331–2
Center Parcs Holiday 120, *120*
Central Park, New York *67*
certification of websites 184

change management 242–6, 505–10, 530–4, 546–7

channels 19, 42–3, 79, 80, 115–23, 606; *see also* digital media channels

Chevrolet 83–4, 148–9, 445

China 163

choice, customer motivation 175

churn rates 449–50, 489, 570

Cialdini's six weapons of influence 194, **195**

Cisco 39

CleverTouch *492*

clickthrough rate *376*, 394

Clinique 595, *596*

cloud services 465

CloudTags *295*, 295–6

Coblands *345*

co-branded emails 426

Coca-Cola 75, 137, 165, 445

cognitive bias 329

cold emails 425–6

collaborative co-creation 147–54, *149–52*

collaborative filtering 20, 38

colours 327, 328–9

commenting in social media 268

commoditization 72

communications: channels 19; in the digital world 82–7, **88–9**; mix *367*, 367–8; models 9–13, 123–7, *125*, *127*; social media strategy 34, 242–3, 256–73; tools 34–9, 82, **83**, 85, 308

communications agencies 527–30

communities: creation 199; customer motivation 175; digital customers 201–4; engagement 271–2; independent 274–81, *275*; power 142–3; relationship marketing 455; sites 12; social listening tools 249–50; social media strategy 267; social niche 226

comparison sites 56, *57*

competencies analysis 568–9

Competitor Pricewatch 75, *76*, *77*

competitors 75, 525, 566–8

complaint management 455–6

complement strategy 583

comScore 8

constraints of site design 325–7

contact strategies 13–19, 90–1, 450–3, **452**, 594–5, *596*

content 36, 253–6, 338–9; customer motivation 175; databases 460–2; link building 379; long tail model 113–15; optimization for engagement 272; and social media 270–1, 286–7; sponsorship revenue 107; updating 91; user-generated 11, 83–4, 148–54, 445–6

content management systems (CMS) 91, 333

content marketing 15, 35–8, *37*, 253–6, *260*

context-based technology 207–8

contextual advertising 395, 406

contextual navigation 344

contingency plans 600, 610

control 44–6; CRM 488–90; Huawei 620–2; planning 601–10, **603–4**; social media marketing 272; SOSTAC planning 4, 560

convenience 175

conversations, customer 198, 513, 605

conversion 116–19, *117*, 268–71, 298–300, *299*, 486

conversion rate optimization (CRO) *110*, 297, *517*

conversion rates: Cost Per Acquisition 40; digital analytics 46; earned *vs.* paid media 147; landing pages 302–5; Pay Per Click 389; performance analysis 570; return on investment 522, *522*; sequential marketing 426–7

cookies 20

copy 393, 427–8

copywriting 339–41, 393

corrective action 606–10

Cost Per Acquisition (CPA) 40, 366, 389

Cost Per Click (CPC) 40, 108, 389, **391**

Cost Per Thousand (CPM) 106, 107, 404

costs 39–40, 175, 366, 496

crawling search engine process 370, *371*

creative advertising 393

creativity in online promotion 85–6
crisis PR 413
CRM *see* customer relations management (CRM); e-CRM
crowdsourcing 146, 149, 512
CSS *see* cascading style sheets (CSS)
customer access revenue 107
customer advocacy 138–9
customer analysis 563–6, *565*
customer engagement *31–2*, 143–55, *145*, 168–9, 260–1, 410
customer experience 21–2
customer feedback tools 248, 536–7
customer information processing models 128–30
customer lifecycle marketing 447–59, *451*
customer lifecycle model 18
customer orientation 318–20
customer relations management (CRM) 20, 87, 273, 510–15, *512*, 595; *see also* e-CRM
customer scenarios 209–12
customer segments 111
customer service: bad 161, 162, 443, 445; customer sensitivity quotient **497**; in the digital world 89–90; engagement through delivering 272–3; enhancing through social media marketing 241; internal processes 96; Internet as tool 30–4; for loyalty 198–200; social 226
customer-centred site design 184
customer-led business 19–21
customers: acquisition 238–9, 425–6; buying models 130–6, *131*, *133*, *134*; conversations 198, 513, 605; data security 184; lead generation 271; loyalty 578; online and offline 167; profiles 204–8, 268, 475–9; relationships 137; remarketing to 400; retention 19, 426, 445; reviewers and assistants 90; social media comments 21–2, 31; winning trust of 93–4
customer-to-business (C2B) *9*, 10–11, 124
customer-to-customer (C2C) *9*, 10–11, 124
customization 175, 482

Dabs.com 421
Dash buttons 75, 77, *78*

data bureaus 492

data flow 404–5

data mining 20, 467–9, 476

data quality 548–9

database marketing 459–69

databases: cleaning 489, 490–3, *492*; content 460–2; e-CRM 495; holders 164; types 463; web site design 311–12

de Kare-Silver's electronic shopping test 172, 176, 204

Deals 78, 459

decision-making units 207–8

decisions: in buying process 192; purchase-making 309–10, *310*

defensive PR 413

Dell 31, 33, 39, 138, 147–8, *149*, 200, 248, *252*, 310–11

demand 235–7, 372

design: mobile sites 354–6; web pages 333–8; *see also* website design

desktop gadgets 423

desktop mailer software 465

destination sites 112

digital analytics 16, 46, 535–40, *538*, *540*; *see also* web analytics

digital body language 96

digital business: change management 530–4, *531*, **531–2**; definition 13, 21; security 549–52; transformation to 505–10, *507*

digital customers 161–4; business-to-business 165; communities and social networks 201–4; engagement 168–70; expectations 177–82; fears and phobias 182–4; ideal 167–8; motivations 170–7, *173*; online buying process 192–6, *193*, **195**; online information processing 185–91; post-literate 215–18; privacy and trust 165–6; profiles 204–8; relationships and loyalty 197–200; researching 208–15, *213*, **214**

digital experience management 14–15, *15*

digital marketing definitions 13–21

digital marketing efficiency 540–2, *543*

digital marketing management 504–10; automation 540–3; budgeting 516–19; data quality 548–9; digital business security 549–52; implementation of new systems 543–7; making case for investment 520–7; measurement with digital analytics 535–40; reviewing capabilities 515–16, *517*;

selecting the right suppliers 527–30; social business through social CRM 510–15; transformation to digital business 530–4
digital marketing mix *see* marketing mix
digital marketing platforms 5–6
digital media channels 36–7, 365, 366, 434, 518–19
digital models 104–5
digital rights management (DRM) 72
digital suppliers 527–30
digital value adding 64–5
Direct Line 490
direct mail 433–4
direct online revenue contribution 26
disabled people 164
disintermediation 80
display advertising *see* interactive advertising
distribution 28–9, 79, 80–1, 105
document meta data 377–8
download times 326, 327
Dulux 210, *211*, 313
Dynamic Customer Journey 132–3, *133*
dynamic dialogue 13–14, 20, 38

earned media 34
Earnings Per Click (EPC) 108, 421–2
EasyJet 30, 33, 34, 38, 40, 90, 175
eBay 10, *355*
e-business *see* digital business
EC21 73, *74*, 80
Ecast 169–70
e-channel strategies 42–3
e-commerce: business models 108–9, *110*; definition 13, 21; transactional site 11; transformation to digital business 507–8, *517*

e-CRM 443–7, 469–75; cleaning the database 490–3; control issues 488–90; database marketing 459–69; email marketing 484–8; personalization 480–3; profiling customers 475–9; relationship marketing 447–59; setting up a system 493–7; *see also* customer relations management (CRM)
effective Cost Per Thousand (eCPM) 108
Eight Building Blocks of CRM *494*, 495
electronic marketplace 4–5, 8–9, 110–12, *111*
Eloqua 277–81, *278–80*
email: automated event-triggered 594–5, *596*; contact strategies **452**; customer service 89; engagement decay 462–3; lead generation 269; legal requirements 184; opt-in 38, 41, 449–50; social media strategy 268; traffic building 425–8; viral marketing 428–30
email marketing 16, 465, 484–8, *485*, 542
email network 139
email platforms 6
email service providers (ESPs) 465–7
EMC *246*
emotional motivations 172–3, *173*
emotional response testing *324*, 325
e-newsletters 426, 486
engagement: customer **31–2**, 143–55, *145*, 168–9, 272–3, 410; digital products 67–8; email decay 462–3; Huawei 621–2; online PR 410; ratio 606; SEO 383; social media 235–7, 271–3; TOPPP SITE strategy 586, 587
entertainment 172
e-planning *see* planning
Euroffice Office Supplies *18*, 19, 42
European data regulations 183–4
evaluation in buying process 192
Eventbrite 608
evidence *see* physical evidence
expectations of digital customers 177–82
expenditure on digital marketing 517–19
Experian 401
experience management 14–15, *15*
extended products 68–9, 79

external linking 378–82, 379–80
external processes 96–7
extranets 508–9, 513
eye movements across web sites 186–91, 336–7, *337*

Facebook 10, 12, 21, 87, 259, 278, *278*; advertising 125–6, 143, 395; applications 424; online information processing 191; Open Graph 125–6; Places 78; social design 514; value 608, **609**
Facebook Connect 182–3, *457*, 457–9, *458*, *459*, 480
failures 443, 543–4
fake clicks 393
fans 271, 272
fast-moving consumer goods 9, 12, 75, 325
fears of digital customers 182–4
FedEx 33, 39, 346
feedback tools 248, *306*, 306–7, 536–7
feed-based data exchange platforms 6
filtering, collaborative 20, 38
findability 271, 297, 323–4
Firebox 316, *316*
first impressions of web sites 329
Flickr *226*, 281
flow in web site design 342–3
Flushtracker app *63*
font sizes 327
Ford 10, 39, 84, 98
formats 258, 394
forward planning 526
Foursquare 78
freemium models 107–8
frequency 19, 257–8
frequently asked questions (FAQs) 90
future digital customers 215–16

gaming platforms 6, 267

Gantt chart **593**–**4**

Gap 78, 459, *459*

gap analysis 376

GE Power Systems 33

General European Data Protection Regulations (GDPR) 184

General Motors 10, 39

genetics of collaboration 154

geo-targeted profiles 205

GetGlue 281

Gibson's guitar app *62*, *63*

Gillette 406, *407*

global navigation sites 344

globalization 87, 163–4

Gnutella 80

goals 232–6, *234*, 298–300

Google: content findability 271; customer-to-customer interaction 10; insights tools 8; keyphrase analysis 372; Pay Per Click 5; search engine results page *369*, *374*–*5*; universal search 378–9

Google+ 279, *279*

Google Adsense 107

Google AdWords 7; account structure *389*, 390–1; ad extension formats *385*; Ad Group *390*; Cost Per Click *391*; integrated marketing 15–16; Placement targeting tool *392*; traffic building 384–7

Google Analytics: attribution models 116, 117; campaign tracking parameters **365**; Content Experiments 70; goals set up *299*; multichannel funnels feature 234–5; traffic sources *364*, 364–5; value events 28

Google gadgets 81, 423

Google Keyword Tool 372, *373*

Google Places *226*, *374*–*5*, 378

governance 243–4, 245

Great Moments of Sportsmanship 147, *148*, 151, 588–59

group behavior 171

group characterization 482

group purchasing 81

Groupon 11, 81
Guardian 72, 400
Guess 468

halo effect 116, 123, 329
Harley-Davidson 300–1, *301*
heat maps of eye movements *186*, 186–8, *187*, *188*, 337, *337* high-involvement purchases 131–3
Hofacker's model 128, 186–9
Home Depot 147
house-list campaign 486
HRS 595, 597
HSBC Bank 107, 483
Huawei 615–23, *617–21*, *623*
hub 259
Hughes Christensen 65
hurdle rates 462
Hyatt 456–7
hyper competition 567–8

IAB **8**, 210
IBM 152, 154, 216, 505, 510–11
idea generation 147–8
ideal customers 167–8
IDIC approach 137–8, 448
Ikea app 61
image text, alternative 377
inbound contact strategies 90–1
inbound marketing 35, 36, *37*
incentivization 199, 430
indexing as search engine process 370, *371*
individualization 482
influence, Cialdini's six weapons of 194, **195**
influencers 143–4, 261, 262, 271, 412–13; decision-making units 207–8

influences, online 204
infomediation 80
information architecture 341–2
information overload 489
information processing 128–30, 185–91, *186*, *187*, *188*
information search in buying process 192
in-house search engine marketing 528–9
InnoCentive 151, 512, *512*
in-side digital business 508
Instagram 10, 239–40, 281, 616–17, 618
integrated marketing communications (IMC) 85–6, **88**
integration: communications 85–6, **88**; customer service 199; digital marketing activities 14–16, *15*; lifecycle marketing 16–19; TOPPP SITE strategy 586; web sites 308–13
Intel 33, 588
interaction 67–8, 86, 267–8, 345–9
interactive advertising 38; *see also* banner advertising
Interactive Advertising Bureau **8**
interactive signage 6
intermediaries analysis 568
intermediary models 110–15, *111*
internal links 382–3
internal marketing 599, *600*
internal processes 95–6, 259–60
Internet: brand-building tool 41–2; communications tool 34–9; cost reduction 39–40; customer service tool 30–4; electronic marketplace 4–5; global markets 163–4; negativity 183–4; sales tool 26–30
Internet Advertising Bureau **8**
Internet Media in Retail Group **8**
Internet value proposition *see* online value proposition (OVP)
intranets 513
investment in digital marketing 520–7, *522*, *524*
irrational behaviour 174

Japanese market 87

JavaScript pop-ups 269

Kabbage 97
Kern *411*, 411–12
key performance indicators (KPIs): competitors 236–7; metrics **603**–**4**, 603–6; performance analysis 570–2; pyramid 574–5, *575*, *576*; sales funnel *577*; sizzle goals 233–4, *234*
keyphrases: analysis 8, *114*, 114–15, 249, 372–6, *373*; Cost Per Click **391**; links 382; Pay Per Click 391–2
Kickstarter 68
Kingspan Insulated Roof & Wall Systems 166
knowledge, social 226
Kraft Foods 149–50
Kronenbourg 396

Ladder of Engagement 143–6, *145*, 582
Ladder of Loyalty 197–8
Land Rover 138
landing pages 90, 269, 302–5, *303*, 427, 541–2
last-click attribution model 116
lead generation 11, 269, 271
LEGO 150–1
Levi's 458, *458*
Lexus 126, 406–7
lifetime value 20, 523–4, *524*, *581*
lightbox subscriptions 269
LinkedIn 10, 12, 140, 207, 279, *279*
links 378–83, ***379***–***80***, 417–19, 430
listening, social 237–8, 247–52, 270
Live 8 98–9
local navigation sites 344
location-based advertising 78, 354, 400–6
London Eye 28–9
London Fire Brigade 476
long tail model 68, 113–15, *114*, 170

long-term *vs.* short-term plans 558–9
low-involvement purchases 133–6
loyalty 136–9, 197–200
Lufthansa 351–2

maintenance of e-CRM 472–4
management: change to digital business 505–10, 530–4, *531*, **531–2**; change to implement CRM 546–7; collaborative co-creation 154; customer expectations 180–1; data quality 548–9; digital analytics 539, *540*; digital marketing 504–5; tactics 595
Manchester United Football Club 98, 163
MarComms objectives 579, **604**
market penetration 29, *29*
market research 526
marketing: applications categories *464*; automation 16, 464–5; cloud services 465; customer-led business 19–21; definition 20; objectives 579; technology 469–75, **470–1**
marketing mix 43, 52–64, *53*, 518–19
Marks & Spencer 30
mass customization 20
Mazda 459
McDonald's 21, 126, 601, 602
McKay Flooring 239–40, *240*
McKinsey 7Ss 244
measurement 535–40, 571–2, **603–4**, 603–6
media: content media 36; definition **434**; types 34, *35*
media sites 12, 112
media technology 164
Mentadent 31
merchandising 323–4
messaging 276
meta data 377–8
Metcalfe's law 142–3
metrics **603–4**, 603–6, 620–2
Microsoft 141–2, 178

Millennials 161, 183
Mini ads *403*, 403–4
mixed-mode buying 66, *309*, 309–11
mixed-mode selling 27, *27*
mobile applications 60–4, 353, 354–6, 595, 597
mobile marketing options 353–4
mobile online access 60–1
mobile phones 5, 6, 61, 68, 164, 207–8
mobile sites 178–9, 349–56, **352**, 595, 597
MoneySupermarket 72, *73*, 112
Monster.com 432
mortgages 112
motivations of digital customers 170–7, *173*
MTV 183, 216
multichannel buying *see* mixed-mode buying
multichannel selling *see* mixed-mode selling
multi-touches 17
multivariate testing 538
MyTravel *485*
MyWebPresenters *347*

Napster 80
National Semiconductor 166
native advertising 408–9
navigation 343–5
negativity 106, 134, 138, 455
Net Promoter Score 138
networks *see* social networks
news, social 225
niche affiliates 112
Nielsen 8
Nielsen's 90-9-1 rule of participation 141, 146
Nike 61, 445

nofollow 380, 418
Nokia 261, *261*
Northern Ireland 216
nudge theory 175–6

O2 98–9, 216
Oasis 193–4
objectives 23–5, **24**, 42–3; Forrester POST framework 231; Huawei 617; planning 574–81, *575*, *576*, *577*, *580*; SOSTAC planning 4, 559; and strategies 584, 585; web design 301–2
Office AutoPilot *543*
office software 465
offline audiences 167
offline promotion 519
offline traffic building 430–6, *433*
online business models 108–9, *110*
online buying process 345–9
online information processing 185–91, *186*, *187*, *188*
online marketplace models 105
online partnerships 38, 417–25
online public relations 37
online value proposition (OVP) 69–70, 85, 112, 174, 313–18
online video advertising 407
on-page optimization 376
open innovation *see* crowdsourcing
operating system gadgets 423
operational CRM 444
opportunities and threats 572–3, 616
Optimax *449*
opt-in email 38, 41, 425–8, 449–50
Orange's GlastoNav app 61
outreach 256, 261, *261*, 271–2
outsourcing: digital marketing 527–8, 529–30; staff 611–12

owned media 34

page design 333–8
PageRank 382, 425
paid media 34
paid search marketing 15–16, 36–7
Pareto's 80:20
law 167, 169–70
partner sites 379
partnerships 38, 97–9, 417–25, 568, 585
Pay Per Click (PPC) 107, 384–94, 541
pay per view price model 71, 106
Pebble wristwatch 68
peer-to-peer services 80
people 89–92, 231; *see also* customers; staff
Peperami ad 149, *150*
Pepsi 589
perception 41, 128–30, *129–30*
performance **603–4**, 603–6; analysis 375, 570–2
permission-based marketing 125, 448–50, *449*, 453–4
personality of web sites 325
personalization 199, 321–4, 480–3, *482*
personas 209–12, 254–5, 268
persuasion marketing 307–8
Peugeot 151
Philips *65*
phobias of digital customers 182–4
physical evidence 92–4
piggy backing 521
Pinterest 10, 191, 239, 281
place in the digital world 66, 75, 77–81, *80*
planning 257–63, 526, 557–61; actions 44–6, 597–600; control 601–10; objectives 574–81; resources 610–14; situation analysis 562–74; strategy 581–90, 613–14

plans, contingency 610
platforms 5–6, 225–7, 267, 274–83, 327
plug-ins 327
pop-ups 269
portals 12
positioning 585
positivity 105–6
POST methodology 230–1
post-literate customers 215–18
post-sale 192
potential buyers 320
PowerReviews 608
PR *see* public relations (PR)
PRACE framework 256, 299; *see also* RACE framework
predictive analytics 467–9
price 71–5, 79
price comparison sites 11, 56, 72, *73*, 112
Priceline 11, 87
Pricewatch 75, *76*, *77*
primary research 212–13
Princess Cruises 230, *231*
privacy 165–6, 183–4
Privacy and Electronic Communications Regulations Act 183–4
problem recognition 192
processes in the digital world 94–7, 585
processing of information 185–91, *186*, *187*, *188*
Proctor & Gamble 152, 608, 609–10
product ratings and reviews *see* reviews
products 64–71, 150–2, 399–400
profiling customers 20, 204–8, 475–9
profitability 198
programmatic advertising 395–7, *402*, *403*
promotion 66, 79, 81–9, **88**, 519; *see also* public relations

prosumer 66, 68
prototyping 544–5
proximity 78, 227
public relations (PR) 409–17, *410*, *411*, 432
publishers, relationships with 412–13
publishing, social 225
purchases: decisions 309–10, *310*; intent 116; popularity of 115; profiling customers 204, 309
push media 35

QR codes (Quick Response codes) 66–7, *67*, 353
Quality Score 386–7
query request as search engine process 371, *371*

RACE framework 44–5, *45*, 232–3, 238–9, 579; *see also* PRACE framework
Radiohead 71
Ragu 30
ranking 376–7; as search engine process 370–1, *371*
rapid application development (RAD) prototypes 544
ratings *see* reviews
reach of social media strategy 263–6, 271
reality and perception 41
Really Simple Syndication (RSS) 416
real-time bidding (RTB) 395–6, 397
recommendations 19, 20, 147
Reed network 139
Reevoo 56, *56*, 86, 134
reintermediation 80
relationship building sites 11
relationship marketing 447–59
relevance in search engine marketing 386–7
remarketing 79, 398–400, 426–7
Renault 85, 412–13
replacement strategy 583

reputation management 237–8, 247–52, 409, 413
research: digital customers 208–15, *213*, **214**; market 526; social 248; tools 8–9, **8**–**9**; web site interaction 348–9
Research Online Purchase Offline (ROPO) *27*, 66
resistance to change 532–4
resources 87–8, 92, 610–14, 623
Responsive Web Design (RWD) 351, **352**
retail merchandising 323–4
return on marketing technology 470, **470**–**1** return-on-investment (ROI) *522*, 522–4, *524*, **607**–**8**, 609, **609**
Reuters 216
revenue models 105, 106–10, 509
revenue objective 577–8
Revenue Per Click (RPC) 108
reverse auctions 72, 75
review sites 422
reviewing digital marketing capabilities 515–16
reviews: Amazon 146–7; conversion rates and sales impact 86, 134–6, *135*, *136*; customer engagement 144; marketing mix 56, *56*, *57*; social media 268
rewards 137
rewards sites 422
Rich Internet Application (RIA) 65
right touching 16–19
risk management 600
robots: crawling 370; programmatic advertising 397
RS Components 11

SaaS *see* Software-as-a-Service (SaaS)
sales: and CRM 445; and engagement 587; funnel 132, 399–400, 575, *576*, *577*, 591; objective 577–8; and social media 240–1, 268–71, 277; value 366; and web site design 323
Samsung 455–6
Sarnoff network 139
satisfying behaviour 172

save goals 233
save objective 23, **24**, 25, 39–40, 578
scenarios *see* customer scenarios
Science Park 216, *217*
scoring as search engine process 370–1
screen resolution 326–7
scrum methodology 545
search, social 227
search content networks 107
search engine marketing (SEM) 36–7, 368–83, 384, 410, 528–9
search engine optimization (SEO): communications tools 36; creating effective online experiences 297; definition 14; key digital marketing activities 15; and search engine marketing 384; staff 528–9; traffic building 368–83, *376*
search engine results pages (SERPs) 368–9, *369*, 373, *374–5*
search engines 249
search intermediaries *111*, 112
search marketing 17
second layer selling 74
Second Life 216, *218*
security 184, 549–52
seeding content 256, 261, *261*
self-service 452
sell goals 232–3
sell objective **24**, 25, 26–30, 578
sell-side digital business 508–9
semantic markup 140
sentiment analysis 605
SEO *see* search engine optimization (SEO)
sequence in planning 586
serve goals 233
serve objective 23, **24**, 25, 30–4, 578
server-based web analytics tools 535
service guarantees 181

service to sales pitch ratio 89
services and collaborative co-creation 150–2
services-oriented sites 11
shared personalization 408
sharing *see* social sharing
shopping 171–2, 194–6, 215–16
short-term *vs.* long-term plans 558–9
Silverpop 487
SimilarWeb **8**
site design 295–308; aesthetics 324–33; content strategy 338–9; copywriting 339–41; customer orientation 318–20; customer-centred 184; and information processing 188–90, *190*; integration 308–13; interaction 345–9; mobile 349–56, **352**; navigation and structure 341–5; online value proposition 313–18; pages 333–8; personalization 321–4; structure 341–2
sitemaps 383
situation analysis 4–23, **573–4**; Huawei 615–17; SOSTAC planning 4, 559
sizzle objective 23, **24**, 25, 41–2, 233–4, 578
Sky News 216
Skype 537–8
sloppy digital marketing 21–3, *22*, 564
smartphones 27, 66, 349, *350*, 405
SMO *see* social media optimization (SMO)
SMS 171, 353, 456
SMTP mail relays 465
Snapchat 10
social bookmarking 227
social business 143–55, 510–15
social commerce 227
social CRM 445, 510–15, *512*
social customer service 226
social design 514
social knowledge 227
social listening 31, 247–52

social media 608–10; advertising 126; analysis 249; communications 34, 256–73; CRM 87, 273, 510–15; customer acquisition 238–9; customer comments 21–2, 31; customer engagement 587; customer service 31; digital customers 162; Huawei 621, 622; information processing 191; marketing mix 59; models 139–43; online business 10–11; platforms 274–81; profile 281–3; resources 611; situation analysis 572; types 225–7; widgets 423
social media marketing 16, 38, *236*, *240*, 601–2; benchmarking and setting goals 232–7, *234*; capability assessment framework *243*; content marketing and engagement strategy 253–6; customer service 241; defining approaches for core platforms 274–83; defining communications strategy 256–73; definition 224–5; importance 227–30; main platforms 225–7; social listening and reputation management 247–52; strategy 237–47
social media optimization (SMO) 241–2, 283–8
Social Media Profile Tool 235
social networks 139, 225; advertising 141–2, 354; brand awareness 118; customer discussions 162; digital customers 201–4; integration 268; power 142–3; sharing page 267; sites 12
social news 225
social niche communities 226
social publishing 225
social referral 287–8
social research 248
social sharing 268, 271, 287–8, 383
social streaming 227
Social Technographics Ladder 235, *236*
socializing 171
Software-as-a-Service (SaaS) 445, 465
SOSTAC planning *3*, 3–4, 15, 558, 559–61, *560*, *561*
South Korea 166
SPAM 424
speak goals 233
speak objective 23, **24**, 25, 34–9, 578
sponsorships 107, 424
staff 89–92, 496, 611
stages of planning 586
standards in web site design 297, 336

storytelling 84
strategic agility 534
strategy: Huawei 618; objectives 42–3; planning *581*, 581–90; social media marketing 237–47; SOSTAC planning 4; tactics as distinct from 590–1
streaming, social 227
strengths and weaknesses 569, 615–16
structure in web site design 341–2
style of web sites 325
subconscious motivation 175–6
subscriber data access 107
subscription price model 71, 106
Sun Tzu 562
superaffiliates 112
Superbreak 11
suppliers 527–30
support communities 455
Swiftcover 314–15, *315*
SWOT analysis 569, 572–3, **573**–**4**
syndication of content 36, *260*, 260–1, 338

Tactical Matrix 591–2, *592*
tactics 44–6, 586, 590–7; Huawei 618–19; SOSTAC planning 4, 559–60
tailored customer landing pages 90
Tango 82
target markets 585
targets 363, 365–6, 395, 616–17
TD Bank 599, *599*
teams 272
Tektronix 133, *134*, 478–9, *479*
telephone network 139
temperature-driven ad campaigns 396
Tesco 98, 422
tests 521, 537–8, *538*

text, alternative image 377
text alerts 89
third-party e-newsletters 426
Threadless 68, 124, 151–2, *152*
threats, opportunities and 572–3, 616
Ticketmaster 608
time as new currency 165–6
timescales 363, 366–7, 496, 612–13
tools: blogging 414; browser-based web analytics 535–6; communications 82, **83**, 308; customer feedback 248, 306–7, 536–7; online marketplace assessment **8**; promotional 84–5; research of electronic marketplace 8–9; social listening 249–51; social sharing 271; testing online propositions 70
TOPPP SITE components of marketing strategy 584–9
Toyota 148
tracking capabilities checklist 121–2
traffic building 363–8, *364*, **365**, *367*, 519, 613; banner advertising 394–408; offline 430–6; online partnerships 417–25; opt-in email 425–8; Pay Per Click search marketing 384–94; public relations 409–17; search engine optimization 368–83; viral marketing 428–30
traffic quality 365
training of staff 92
transactional costs savings 39
transactional e-commerce sites 11
transformation to digital business 242–6, 505–10, *507*, 530–4, *531*, **531–2**
Travel Republic 11
trialogue 124
TripAdvisor 11, 12
trust 93–4, 165–6
Tumblr 281
Twitter 10, 87, 191, 277, *278*, 601, 602
typography in web site design 329–30

uber-bloggers 422
UK Behavioural Insights Team 176

Ultralase 25, *26*, 30, 39, 42, 303, *304*
Unilever 59, *63*, 107, 149, 588
unique device identifiers (UDID) 405
University of Tokyo 140
unselfish gene 154
updating of content 91
upselling 400
usability, site design for 297, 305–6
user behaviour signals 383
user-generated content (UGC) 11, 68, 83–4, 148–54, 445–6
UserVoice 248

value adding 59–60, 61, 64–9, 137, 199, 277
value chains 105
value events 28, 298–300
value networks 105
value of sales 366
value proposition *see* online value proposition (OVP)
value to sales pitch ratio 89
Vauxhall 175
Victor Chandler 477–8
video advertising 407
video-marketing platforms 6
viral marketing 124, 428–30
Virgin Holidays 317, *318*
virtual assistants 90
virtual customers 216–17
virtual worlds 164, 216–17
Visa credit-card company 166, 549, 551
visuals 276–7, 327–8
Vodafone 27, 426
voice 270

voucher code sites 422

weaknesses, strengths and 569, 615–16
Web 2.0 140
web analytics 17–18, 20, 212–14, **214**; browser-based 535–6; conversion goals 298–300, *299*; digital marketing investment 521–2; Huawei 622; KPIs 571; link associations 381, *381*; measuring digital marketing 535–40; offline advertising 431; online proposition testing 70; tagging value events 28; traffic building *364*, 364–5, **365**; *see also* digital analytics; Google Analytics
web sites *186*, *187*; certification 184; eye movements across 186–91, *188*; identifying partner 379–81; integration 308–13; personality 325; popularity of 115; role 515; style 325; submission of new 371–2; viral marketing 429–30; *see also* website design
web standards 297, 336
web widgets 423
webpages 333–8, 429
website design 295–308, 311–12, *312*; aesthetics 324–33; constraints 325–7; content strategy 338–9; copywriting 339–41; customer orientation 318–20; interaction 345–9; navigation and structure 341–5; online value proposition 313–18; pages 333–8; personalization 321–4
WebTrends 424
welcome strategy 18, 450
WH Smith 426–7
widgets 60–4, 78, 81, 423–4
William Hill 486
wireframes *334*, 334–5
word choice 191
WordPress 179, 285

Xerox 198

YouTube 10, 81, 280, *280*, 387–8, *388*

Zalando *7*
Zappos 270
Zed media 518–19, *519*

Zipf's law 113; *see also* long tail model
Zippo® 61, *61*